Daimler to

forge aero

engine link

with United

Technologies

By David Marsh, Roderick

DAIMLER-Benz, the West

German conglomerate, is to pool its aircraft engine activi-ties with those of United Tech-

nologies, the US engineering group, marking a further step by West Germany's biggest company towards becoming an international force in the aero-

space industry.

The deal, which will lead to

cross-shareholdings being taken in each other's saro-en-gines subsidiaries, will forge a German-US alliance likely to

rival the co-operation between General Electric of the US and

It came three weeks after

Daimler announced that it was

considering a range of joint ventures with Mitsubishi, the Japanese industrial grouping, in the automobile, serospace,

electronics and service sectors.

ler chairman, who finalised

last autumn the acquisition of Messerschmitt-Bölkow-Blohm,

Mr Edzard Reuter, the Daim-

Specma of France.

Oram and Paul Betts

World News US, Mexico take step towards free trade area

Mexico and the United States have decided to forge closer trade links with a view to an eventual agreement creating a fully fledged North American

free trade area.

Mexico is the fourth biggest trading partner of the US after Japan, Canada and the EC. Two-way trade last year totalled \$52bn. Page 18

De Benedetti denial Magistrates in Milan investigating the 1982 Banco Ambrosiano collapse questioned Olivetti chairman Carlo De Benedetti for six hours. He was ordered to appear on suspicion of frandulent bankruptcy but has not been charged and danies any wrongdoing.

Collor thinks again President Fernando Collor de Mello of Brazil bowed to political pressure and withdrew measures which granted police sweeping powers to enforce economic controls. Page 5

Court ruling fear The European Court of Justice upheld a Portuguese construc-tion company's right to do sub-contract work on French soil using its own employees. The ruling has far-reaching impli-cations. Page 2

Boat people return A group of 106 Vietnamese boat people flew home volun-tarily from Hong Kong, the 15th group to do so under a

Sisulu hopeful

MANAGER OF THE PROPERTY OF THE

Veteran African National Congress leader Walter Sisulu said the latest township violence should not threaten ANC talks with Pretoria. Violence lingers,

China missile sales China is reported to have begun exporting short-range ballistic missiles, probably to Iran or Iraq, to raise badly needed cash. Page 6

Athens bomb biltz A series of explosions destroyed 12 cars belonging to east bloc and Arab diplomats in Athens. No one was

Stalin's victims

A mass grave containing the remains of Germans said to have been shot by Stalin's security police after the Second World War has been found in

Doctor shot dead A doctor who force-fed jailed in the spanish leftwing guerills group Grapo when they went on hunger strike was shot dead at his sur-

Kabui rocket toll Twenty-seven people were killed and 22 injured when Afghan rebels fired rockets into residential areas of Kabul,

Novelist sentenced French novelist Françoise Sagan was given a six-month suspended jail sentence in Lyon for drug use and posses-

TV signal jammed Television Marti, a US-funded news and entertainment station based in Florida, beamed eals to Cuba for the first time and the Cuban govern-ment said it jammed the broad-

cast after just 10 minutes. An Oscar at 80 Jessica Tandy, 80, won a Holly-wood Oscar as best actress for her role in *Driving Miss Daisy*. Daniel Day-Lewis won best actor as the crippled Irish writer Christy Brown in My

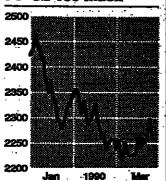
Love in the cloister Two neighbouring monasteries ar Rouen, France, have been left leaderless after the abbot and prioress resigned, citing an emotional attachment.

Ford chief to replace Egan as head of Jaguar

(\$2.56bn) last November, is to leave the company at the end

man and chief executive by Mr Bill Hayden, vice president of Ford of Europe's manufac-turing group, who has been leading the US group's transition team at Jaguar. Page 18 LONDON stocks came down to earth with a bump following a string of disappointing corporate results and a lack of impetus in Tokyo. The FT-SE index

FT-SE 100 Index



ines Systems, Funair and Austrian Airlines are breaking new ground by asking aircraft manufacturers to tender for 240 narrow-bodied twin-engine airliners worth a total of about \$12bn. Page 4

Tally, engineering and entomo-tive components group as mak-ing its biggest acquisition in four years with a \$190m recom-mended offer for J.P. Industries, US vehicle parts com-

ing contracting company, is acquiring part of Spie-Batig-nolles, French-construction concern, in a deal in which the French group will take a 14.7 per cent stake in Davy.

Page 3

SOUTH Korea's economy grew less than 7 per cent last year, the smallest increase since 1981, the Bank of Korea reported. Page 6

and US companies to bid to supply trains for the new Tainei underground system but Japanese companies are to be excluded. Page 4

MOTOR industry: European Commission has taken action against Peugeot, French car company, for preventing its dealers selling Peugeot cars to a company which shops around for the cheapest deals

in Europe. Page 2

increase in group net profits for last year. Page 20 CIRCLE K, second biggest US

CATHAY PACIFIC Altways, Hong Kong's international air carrier which is a listed subside lary of the Swire Pacific group, its of HK\$3.32bn (\$425.6m) for

Business Summary

of June. He will be replaced as chair-

SWISSAIR, Scandinavian Air-

TAIWAN will allow European

convenience store chain, reported a net loss for the third quarter on falling sales as the company continues to suffer

ed attributable net prof-

MOSCOW ACCUSED OF 'INEXCUSABLE AGGRESSION' AS PRESSURE ON REPUBLIC GROWS Tension rises in Lithuania By Mark Nicholson in Moscow RELATIONS between the RELATIONS between the rebellious republic of Lithn-inia and Moscow deteriorated sharply yestenday after Soviet paratroops staged a dawn raid to capture Red Army deserters in the republic and seized the Communist Party's headquarters.

Lithuanian leaders responded by writing to Mr Mikhail Gosbachev, the Soviet leader, accusing him of "inexcussable aggression" after the military actions, although Soviet leaders continued throughout the day to insist that no force would be used aggression as such.

against the republic as such. In Paris, General Dmitry Yazov, the Soviet Defence Min-ister denied that Soviet troops

had carried out armed action

. Everything will be solve

by peaceful means," he said at the start of a four-day visit to

France. Army deserters selzed in Lithuania "must be taken back to their military units."

However, Mr Vitautis Lands-bergis, the Lithuanian Presi-

dent, for the first time openly accused Mr Gorbachev of plan-

ning to use force against the republic. He said yesterday. "It is obvious that the Soviet

armed forces have been given permission to use violence."

Mr Landsbergis and Mrs Kazimira Prunskiene, the Prime Minister, asked Mr Gor-bachev for immediate talks on neutral territory.

occatic nations - Is the West once again willing to sell Lith-uanta to the Soviet Union?"

Senior Comecon officials

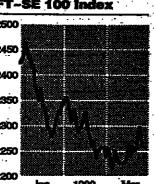
meeting in Prague decided yes-terday to abolish two of the

group's most important and

ular functions — multilateral co-operation and co-or-

By Leafle Colltt and John Lloyd in Prague

Sir John Egan, chairman of Jaguar the UK hunny car maker that was taken over by Ford of the US for 21.5bn



fell more than 30 points in significantly increased trading volume. London Stock Exchange, Page 33

VICKERS, engineering, defence and Rolls-Royce cars group, has conditionally agreed to pay £168.5m (\$262m) for Cosworth Engineering, specialist in high-performance car engines. Page 19

pany. Page 19

POLAND is likely to resist a proposal by western banks that it pay 15 per cent of the inter-est due to them this year.

LAFARGE Coppee, world's second largest cement pro-ducer, announced a 16 per cent

from stiff competition in its main markets and high debt.

last year, Page 24

100 Lithuanians remonstrate with a Soviet army officer following the takeover of Communist Party headquarters in Vilnius yesterday

General Valentin Varennikov, commander of Soviet landforces, confirmed that paratroops sent to Vilnius, the Lithuanian capital, had been
deployed to protect infustrial
and defence enterprises saying
the Lithuanian Interior Ministry was not prepared to enforce
Soviet laws.

iic, which had been sharply
heightened by the early morning raids, relaxed appreciably
after a pro-Moscow rally in Vilnius, the Lithuanian capital,
yesterday afternoon went off
without incident and with a
supecial.

Early morning rumours

iic, which had been sharply
heightened by the early morning raids, relaxed appreciably
anthem, a series of speakers
protested that the pro-independence government had abused
the rights of the minority Russtantian capital.

Journalists reached by telephone in Vilnius said that 14

In a plea for international backing, Mr Landsbergis said: "We raise this question to demtry was not prepared to enforce Soviet laws.

Tass, the Soviet news agency, also reported Soviet forces to be stepping up the guard of border posts around Lithuania, quoting military commanders as claiming that moves by the Lithuanian Government to set up its own horuania to the Soviet Union?"

Moscow meanwhile moved to
assert stronger control over
the republic by ordering all foreign journalists, businessmen
and diplomats to leave on the
expiry of their visas, and forhidding any such people entry
for an indeterminate period. ernment to set up its own bor-der posts was a provocative act in breach of Soviet law.

Tensions within the repub-

Comecon takes first steps to dismantle itself

row. Their recommendations

will be submitted to senior

ministers responsible for Com-

econ who will convene in

Prague on April 20.

The experts will then fill in

details and a final meeting of ministers is to be held in the

Early morning rumours swept Vilnius that the rally, advertised on Monday and yesterday by leaflets dropped from military helicopters, might serve as a pretext for further military intervention and perhaps an attempt to seize the Supreme Soviet building.

In the event, only an estimated 5,000 people turned up for a peaceful and largely

THE SOVERT HNHON and its neither worked instead liflaters are east European trade particular and contacts the total and contacts the tota

Journalists reached by tele-phone in Vilnius said that 14 deserters from the Red Army were recaptured in a series of dawn raids on psychiatric hos-pitals in Vilnius and Kaunas and some private homes in which they had sought refuge. They said up to 23 deserters

had escaped.

Eyewithesses said troops with machine guns beat the deserters and dragged them

expunged and a constitution is

taking form which will resem-

ble that of other loose eco-

In spite of the surprisingly

wide degree of unanimity

Czechoslovakia said it would

achieved in Prague, an impor-tant difference emerged

into military vehicles. Mr Juozas Olekas, the Lithuanian Health Minister, said: "We found traces of blood on the stairwells. People were beaten, driven outside, put in the vehicles and taken away."

In Moscow, Mr Gennady Ger-saimov, Soviet foreign ministry spokesman, insisted that both the recapture of deserters and the military occupation of Communist Party headquar-ters were both straightforward enforcements of Soviet law. There were no signs yester-day that Moscow and Lithu-

ania were any closer to open-ing talks. Shadow boxing in Lithuania, Editorial comment, Page 16

be desirable for Comecon mem-bers to be able to join other economic groups such as the European Free Trade Associa-

tion and the EC, but the pro-posal was blocked by the

The Comecon group of experts was created by the last

summit meeting in Sofia in

January, which recommended

sweeping reforms and agreed gradually to shift Comecon

trade on to a hard currency

Soviet call for market solu-

私たちがスウィンドンに来るまでは、

誰もその可能性を信じませんでした。

Germanys main aerospace company, is seeking ways to expanding the group's activities in civilian aerospace.

Daimler and United Technologies, announcing a memoran-dum of understanding yesterday, said the capital stakes will be agreed after final details are settled. They are likely to be relatively small, in line with stakes Daimler has suggested taking in several European

taking in several European aerospace companies.

The two groups' engine subsidiaries — Motoren-und Turbinen-Union (MTU) and Pratt & Whitney — will bring together production, research and development for civil aero-engines on selected new projects.

The companies, which have been cooperating for several years on individual engine programmes, will combine marketing operations and cooperating operations and cooperations of the several years on individual engine programmes, will combine marketing operations and cooperations of the several years on individual engine programmes, will combine marketing operations and cooperations and cooperations and cooperations and cooperations are several years of the years of the

keting operations and cooperate in component production and investment planning so as to avoid duplication.

Although not as far-ranging as the potential alliance with Mitsubishi, the partnership with United Technologies con-firms Daimler's ambitions to assemble a network of world-wide accords bolstering its role in the aerospace business.

space, the holding company for MTU in the new Daimler corporate structure, said the agreement would not affect Daimler's existing European collaboration links in

Mr Jürgen Schrempp, the chairman of Deutsche Aero-

But the move underlines the Continued on Page 18

dination of plans. Both were Soviet-inspired creations of the central planning system and of the Organisation for Eco-nomic Co-operation and Devel-**UK** monopolies board to probe **BA** deal with KLM and Sabena

vak Deputy Prime Minister who is also his country's chief

representative at Comecon.

said: "Essentially the secretariat is at an end."

It would become an "infor

mation centre" similar to that

By Andrew Hill and Paul Betts in London and Tim Dickson in Brussels

THE British Government has BA claimed the rules would referred a planned joint ven-ture between British Airways and KLM Royal Dutch Airlines and Sabena of Belgium to the opolies and Mergers Commission, the UK anti-cartel

The Commission is to look specifically at BA's £84m (\$55m) acquisition of a 20 per cent stake in Sabena World Airlines, a European joint venture, in December.
The EC is already looking at

the wider European effects of the agreement, but has yet to start a formal investigation. The MMC will focus on the implications for UK passengers of BA and Sahena. It will not examine the effects of collaboration between KLM and BA. The move, announced ve day by Mr Nicholas Ridley, UK Trade and Industry Secretary, angered BA, which said it wa "quite astounded" by Mr Rid-

ley's "Indicrons" decision

The airline also threatened

to withdraw from the deal

until September, when new

European Community merger regulations come into force.

put the joint venture agreement out of reach of the UK nerger authorities.
Other UK airlines, including

British Midland and Air Europe, have complained to the European Commission and the UK's Office of Fair Trading, which examines planned deals for possible referral by the minister, about the deal. They are concerned about the potential for BA and Sabena to influence the market

for passenger flights between Britain and Belgium and the effect on competition for limited take-off and landing slots at European airports. per cent of SWA, which conducts all Sabena's airline operations. The Belgian com-pany has retained a 60 per cent

nirolling stake. Between them Sabana and BA account for more than 70 per cent of the 1.25m passen-gers carried between Britain and Belgium. Air Europe, the next largest competitor, has less than 10 per cent of the same market.

The MMC is expected to submit its report to Mr Ridley by June 28. If it were to decide the links were anti-competitive, Mr Ridley could force BA to unscramble the deal or dispose of some of its routes between Belgium and the UK.

The joint venture provides the basis of KLM and BA's plans to develop Brussels as another European hub sirport Lord King, BA's chairman, said sterday it would improve choice and provide long-term However, Sir Leon Brittan, EC Competition Commissioner,

erned at the way in which European airlines are trying to bolster their positions in the face of both greater worldwide competition and granted enhanced pow

deregulation closer to home. The European Commission at the time of the first air transport deregulation agree ment in December 1987 to ensure that the changing structure of the European industry would not negate the advan-tages which have been secured through liberalisation.



In their search for a UK base Honda found it hard to believe that any one place could have so many of the right assets - an ideal position; cost-effective and modern premises; superior telecommunications; a strong manufacturing background; an excellent workforce; and an enviable quality of life.

business and living environment, which is of course vital to the success and well-being of any company and its staff. To explore Swindon's possibilities for yourself, contact

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Trade liberalisation: Smugglers feel the pinch as barriers come down -Arms Industry: International collaboration is one of the first victims of peace **Motor Industry:** Korea's export drive runs into.

trouble entz Joint ventures can work even in politically unsettled situations. Technology: Packaging Industry under pres-

sure from environmentalists ... UK energy policy: Power to some of the

nese employments Big business finds room to lure the workers. Britain 7,8
Companies 7,8
Companies 27-31
Arts Guide + Reviews 15
Commodities 19
Commodities 22

18,21



Chancellor Helmut Kohl's

The West German leader appear leader appears increasingly confident following the Christian Democrat victory in East Germany and is likely to show his aunny side when he tomorrow

visits his old rival Mrs Thatcher in London

STEELING New York Sund \$1.62655 \$1.6260 (1.614) DM2.7800 (2.7675) FF:9.3525 (9.3175) SFr2.4675 (2.4675) Y255.75 (252.25) £ Index 87.3 (86.8) GOLD New York: Comex Apr \$368.9 (386.2)

MARKETS

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FRESH TENSION BETWEEN SERBS AND ETHNIC ALBANIANS

Kosovo anniversary sparks alert

By Laura Silber in Pristina

TANKS and thousands of heavily armed police are marking the first anniversary, falling today, of the constitutional amendments which brought Kosovo, with its predominant ethnic Albanian population, under Serbian control.

The amendments, which gave Yugoslavia's largest republic the final say over the province's judiciary, police, national defence and political patronage policy, sparked riots. Between March 27 and 29 last year, 22 Albanians and two policemen

A year on, tensions between the Albamians and Serbs are again aflame. Serbs have taken up arms to defend themselves and claim they are being chased out of their homeland. Albanian passions were reignited last week by a mysterious illness affecting only Albanians.

On Saturday Serbia announced that it was taking over Kosovo's police after ethnic Albanians attacked Serbs, sacking 200 ethnic Albanian officers on the grounds of complicity in the attacks and bringing in 100 of its own men. The Yugoslav army,

aiready in Kosovo for over a year, has deployed additional units in the province. Since the amendments were adopted, Serbla has waged a policy euphemistically named differentiation, in fact a purge of

all "nationalist" Albanians throughout Kosovo, from the Government to the university. Yugoslavia's economic problems are also producing retinndancies, acutely felt in under-developed Kosovo and seen by Albanians as politically motivated.

Albanians as pointcarry motivated.

Albanians took to the streets again on James 24 this year after the break-up of the Yugoslav Communist Party Congress, demanding democracy and the resignation of the province's Serbian-controlled leadership. The unrest spread rapidly, paralysing Kosovo for the next few weeks. At least 28 ethnic Albanians were killed by police during the riots. There were no confirmed

reports of army involvement.

The political climate has changed dramatically over the past year. Mr Ibrahim Rugova, a prominent Albanian intellectual whose arrest seemed imminent nine months ago, is now president of the Demo-cratic League of Kosovo, which claims 350,0000 members. Meanwhile, the local ist Party rolls have dwindled to

about 80,000, mostly Serbs.

The opposition, like those killed in demonstrations, has acquired heroic status among Albanians. After the unrest in January, when the opposition appealed for calm, tension waned only to peak with the

A Yugoslav federal commission said it had found no evidence of mass poisoning or infectious disease. A Dutch doctor visit-ing Kosovo with the International Helsinki Federation for Human Rights, said: "I'm not saying the first few patients weren't poisoned, but the symptoms are now verg-ing on mass hysteria."

The patients have largely been discharged but rumours still abound about the cause of the illness. Mr Jusuf Buxhovi. the cause of the limess. Mr Justil Buxnovi, the vice president of the Democratic League, said, "I would only believe the results of a foreign commission." When the "poison" scare broke, bands of Alba-nians brutally attacked Serbs in two Kosovo towns.

Kosovo's Serbs prepare for the holiday and worry that there will be trouble. The Albanian opposition issued a joint state-ment today appealing for Albanians "to commemorate the victims of last year's brutality with silence," at home or work,

from noon to 2am.

If the day passes without violence, it will be a testament to its growing control over fellow Albanians. But, even so, the peace and security that Serbian President Slobodan Milosevic promised through the constitutional amendments on March 28.



A Yugoslav soldier searches a car as part of action to avert violence in Kosovo

Hungarian party meets to choose electoral ally

By Nicholas Denton in Budapest

THE leadership of the Hungarian Smallholders Party meets today to choose its ally for the second round of parliamentary elections on April 8 after the first round appeared

to give it the balance of power. The final result in 171 local constituencies, which elect nearly half of the total 386 parfiamentary seats, remains to be decided in the second round

run-off. There have been delays in processing the election results. But so far the returns from the country's first free national polls since November 1945 have given a clear lead to the centre-right Hungarian Demo-cratic Forum, followed closely by the liberal Alliance of Free

Democrats.
Although the Smallholders
Party performed unexpectedly poorly in last Sunday's vote, it is the only party willingly con-sidered as a coalition partner by either of the two big parties.
Unless the leaders of these
two parties put aside their harn differences, neither the

KAST European economists gathered in Helsinki yesterday for a two-day sympo-sium to discuss economic reform and the treatment of debt in their countries, writes Enrique Tessieri.

The meeting was held under the auspices of the World Institute for Development and Economic Research (Wider), a UN insti-tute based in Helsinki. It was attended by Harvard Professor Jeffrey Sachs, who has been advising eastern European countries on

can form a government with-out the Smallholders. A deal between the Small-holders and the Free Demo-crats could remove the advantage which the Forum has gained on the first round. The Forum is running in first place in many rural seats. An agreement between the other two parties not to com-pete against each other could therefore make sense.

Airports group hits at capacity constraints

By Paul Abrahams

GROWTH IN European air travel is threatened by capac-ity constraints, warns the International Civil Airports Association (ICCA).

Association (ICCA).

It expects traffic at Europe's 27 largest airports to grow from 338m passengers in 1989 to more than 697m by the year 2005. To meet this growth, the airports are planning to invest at least Ecu22.5bn (531bn) in new facilities, but these manufactions of the supposed by particular these manufactions. first be approved by national and local authorities.

Airports are constrained by government restrictions on investment, even if new capac-ity is commercially and financially viable, says the Associa-Another constraint is public

concern about aircraft noise. The ICCA is urging the European Community, the European Civil Aviation Conference and the International Civil Aviation ation Organisation to ban noisy Schedule 2 aircraft by a date sufficient to calm public fears. It says a date next cen-tury is insufficient.

Cheap labour fear after EC court ruling

By Tim Dickson in Brussels

THE European Court of Justice Portuguese construction com-pany to carry out subcontract work on French soll using its own employees, in a ruling with far-reaching implications for migrant labour in the EC. Brussels officials immediately expressed surprise at the decision, pointing out that it might encourage a new flow of cheap labour from Spain and

Portugal into northern states. The case was brought by

By Lucy Kellaway in Brussels

THE European Commission

has taken action against Pen-geot, the French motor com-

pany, for preventing its dealers selling Pengeot cars to a com-pany which shops around for the cheapest deals in Europe. The action follows wide-

spread concern at the large dif-

Office for trying to impose pen-alties on the use of foreign employees. It hinged on a sec-tion of the Rome Treaty guaranteeing freedom to provide services, and the articles of the Accession Treaty for Spain and Portugal which limit applica-tion of the free circulation of workers principle until the beginning of 1998. Yesterday's verdict said that

companies providing services in another member state were entitled to bring their own

which manufacturers and dis-

tributors are taking in order to keep their markets segregated:

Last May Peugeot wrote to its agents in Belgium and Lux-embourg ordering them to stop

Brussels tells Peugeot to drop car ban

in relation to competitors in the "host" country if restric-tions were placed upon them, However, the court made

clear that the freedom of comemployees who might subse-quently try to join the local labour market on a permanent basis, and that companies set up specifically with this object would not be covered. In another important caveat,

the judges said member states

told Peugeot that it must allow its dealers to supply Ecosystem

with up to 1,200 cars a year -

the level of Peugeot sales before the ban was enforced -

while it carries out a detailed

The Commission said yester-

day it was attaching great importance to the inquiry,

investigation.

work agreements concluded between the social partners, to every person carrying out paid work on their territory, even where it is temporary, and regardless of where the employer is established.

The European Commission yesterday announced a new proposal aimed at protecting "outside" workers in the nuclear industry from the effects of radiation. It wants to reinforce protection for employees of nuclear installations who carry out occasional

which is being seen as a test of its willness to encourage price competition in the car market. Consumer groups have complained that prices are moving further apart.

Peugeot argued that Ecosystem was acting as a reseller and was therefore breaking the company's exclusive agree-ments with its dealers.

Row over Bonn coal subsidies set to intensify

By David Goodhart in Bonn and Lucy Kellaway in Brussels

WEST GERMANY'S argument with the European Community over coal subsidies is likely to intensity after the publication yesterday of the first draft of an official Bonn report recommending only a slight reduc-tion in subsidies after 1995.

The majority on the government commission concluded that 55m tonnes of coal per year (for power stations and steelworks) should continue to be heavily subsidised. A minority report, which may be a more accurate reflection of government thinking,

suggested 35m-40m tonnes.
The commission's overall recommendation will disappoint liberal opinion in both Bonn and Brussels, especially as some leading businessmen in the energy industry had spoken up for reducing pro-tected coal production to only

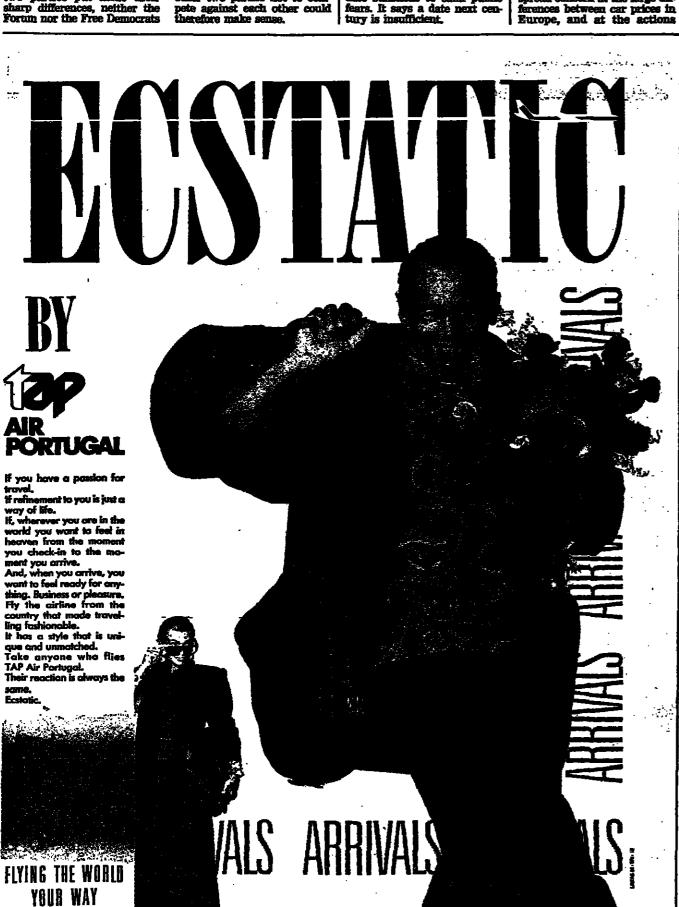
30m tonnes per year. Currently about 72m tonnes a year are produced in West German pits at a cost of about DM10bn (£3.6bn) in subsidies a year to electricity consumers and the Government. Most of that is covered by the Johrhum dertectrog, under which German utilities agree to buy domestic coal on the understanding that they can charge customers the difference between domestic and world market prices. Total production is due to

fall to 65m tonnes by 1995, but the EC wants corresponding subsidies to fall even faster. Earlier this month the Euro-pean Commission told West Germany to cut its surcharge to electricity consumers by DMIbn over two years in the light of Bonn's refusal to drop

its legal action in connection with the dispute.

The Commission, which has been accused of taking too soft a line with West Germany, will discuss the whole issue of European coal subsidies next

The Bonn commission majority report also recom-mended that the Government should, carry the subsidy costs directly after 1995. The said, should be less than DMSha per year.





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Hear them at the Moscow Conference. Finance, Investment and Trade with the Soviet Union. May 30 & 31, 1990

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OECD speakers include Mr Stephen Bechtel Jr, Chairman, Bechtel Group, Dr W F Duisenberg, President, De Nederlandsche Bank, Mr Francesco Gallo, Director of International Activities, Fiat, Mr Ryoichi Kawai, Chairman, Komatsu, Dr Axel Lebahn, Director, Deutsche Bank, Dr Klaus Liesen, Chairman, Ruhrgas and Mr Otto Wolff von Amerongen, Chairman, East-West Trade Committee.

The programme will cover the nature of political change in the USSR, the economic reform programme, finance and trade prospects and how the West should

The Royal Institute of International Affairs and IMEMO, the Institute of World Economy and International Relations of the USSR Academy of Sciences are co-sponsoring the conference.

Travel, Visas and accommodation at the Hotel Mezhdunarodnaya will be arranged by a specialist in business travel to the Soviet Union. For full details send the coupon or call the Financial

Times Conference Organisation on London 925 2323. Early registration is strongly recommended.







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EUROPEAN NEWS

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Row over

Bonn coal

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THE pharmaceuticals industry in Europe is likely to fall behind competitors in the US and Japan in the important new science of biotechnology because of widespread public hostility to the discipline, Dr. Hans-Peter Sigg, vice president of Sandoz, the large Swiss draws company, and vestering

or Samoz, the large Swiss
drugs company, said yesterday.
Dr Sigg, making one of the
strongest appeals yet by a
European drugs industry
leader for better public understanding of biotechnology,
complained of an "emotional" companied of an emotional response by many people in Europe to the principles involved. He said that many lobbyist groups were confused about the concepts behind biotechnology - a set of techniques invented over the past 15 years for manipulating genetic material and creeting

Dr Sigg, who made his com-ments during a Financial Times conference in London on world pharmaceuticals, said that the problem was by no means confined to West Ger-many. The country has been the scene of several arguments between the medicines and pharmaceuticals industry and

environmental pressure groups over the technology. These have put a temporary stop on all new production plants in West Germany which use genetic engineering. Mr Sign said hostility to the

Mr Sigg said hostility to the technology was "heating up" in Switzerland, Austria and Holland, and showing signs of appearing in France.

He said acceptance of genetic engineering — which some pressure groups have linked with possible ecological problems as a result of biologically modified chemicals leaking from laboratories — was much better in the US and Japan.

Dr Sigg said that one factor Dr Sigg said that one factor behind the decision of Sandog to build a pharmaceutical laboratory in Japan rather than in Europe was the probability that regulations governing the technology would be frees outside.

technology would be frees out-side Europe. The laboratory, near Tokyo, is due to be started next year.

Several Garman companies, including BASF and Bayer, have already decided to site much of their genetic engineer-ing research in the US.

Europe 'likely to Kohl squares up for Thatcher dinner tussle

Chancellor is relaxed in spite of his row with Prime Minister, writes David Marsh

HEN the West German Chancellor visits Britain this week, a kinder, gentler Helmut Kohl is likely to come to the fore despite his latest row with Mrs Margaret Thatcher over the Dalleh harder

the Polish border.

Mr. Kohl, who will be seeing the British Prime Minister in Cambridge and London tomorrow and on Friday, is taking seriously the intense pressures building up on Boun over Ger man unification. But, in deal-ings with diplomats and jour-nalists over the past few weeks, the Chancellor — cus-

weeks, the Chancellor - customarily thin-skinned and edgy, for all his bulk - has appeared a great deal more relaxed.

One reason the Chancellor is more at ease is because, a western ambassador here angests, he is on a high in history. Mr Kohl, in power since October 1982, is now confident that next spring he will surpass former Chancellor Helmut Schmidt's spell in office.

The Chancellor has been buoyed by the East German elections 10 days ago, which gave a clear win to his sister East German Christian Democrat party. Der Spiegel, the

crat party. Der Spiegel, the West German news magazine, which habitually treats Mr Kohl as a larger-than-life dolt, pleased the Chancellery by pro-claiming on its front cover last week: "Kohl's Triumph."



An aide notes: There were two miracles. One was the election result, and the other was Der Spiegel."

It remains to be seen whether the Chancellor's new-

found serenity will be disturbed by Mrs Thatcher's alleged misquotation of him in

night at St Catharine's College, Cambridge, Kohl-watchers will be looking for signs of nervous-ness. In the Chancellor's case, this is usually manifested by exaggerated fumblings with his Thatcher claimed that Mr Kohl said: "No, I do not recognise the current border." One well-placed Kohl aide says that he is sure that Mrs Thatcher understood only holy of or understood only half of an answer Mr Kohl gave her

Bonn official express "aston-ishment" that Mrs Thatcher, in about the legal position of the an interview with the magazine, gave an incorrect impression of a private fireside talk This is not the first time that Kohl-Thatcher communication with Mr Kohl over Poland at

the Rhodes EC summit at the end of 1988, Mr Bernard Ingham, Mrs Thatcher's press secretary, quoted Mr Kohl as telling her that Bonn would decide modernisation of short-range nuclear missiles before the summer. One Chancellery official, normally restrained, bluntly described Mr Ingham's remark as "lies".

West German officials say the British Prime Minister had previously been trying to improve relations with the Chancellor. In the last few weeks, he had been "pleased" by two benevolent Thatcher telegrams – one on the Bundestag's resolution on the Polish border earlier this month, the other after the Christian Demo-

crats' East Berlin victory, Mindful of the British leader's political and economic problems, one Kohl adviser xplains Mrs Thatcher's reac tion in terms of an animal run to ground. "She is hunt-ed – she is wounded – and she lights." He adds: "One has to

Mr Kohl in his speech tomor-row night is again likely to irri-tate Mrs Thatcher by urging steps towards European unity to accompany a united Germany. As the two leaders square up to a dinner tussle. Mr Kohl is trying to keep a lid on his emotions - while Mrs Thatcher is letting hers spill

E German jobless may reach 2m

BONN GOVERNMENT officials say unemployment in East Germany may approach 2m after economic and currency union between the two Germanys, although they hope that many people will quickly find new jobs after industrial retraining.

Bonn acknowledges studies showing that hidden unemployment in East Germany could already be

around 2m The Government believes most of these people will therefore come on to the labour market once East

Germany moves to a market-oriented economy. Calling the economic problems faced by East Germany "gigantic," one senior official says the main lay-offs will occur in the first six months after currency union, likely to be in place by

The Chancellery knows that the opposition Social Democrats will be making considerable political capital out of the redundancies.

"The crucial question is how long unemployment will last," the official says, adding that new jobs will be created fairly quickly in the services area and in joint ventures with and in joint ventures with western companies.

Soviet call for 'market' for western solution

By Mark Nicholson

THE SHARP deterioration in the Soviet economy destanded substantial adjustment of the Government's economic recovery programme and a swift move to a market system, Mr Leonid Abalkin, the Deputy Prime Minister, said yester-

A leading architect of planned economic reforms, he straits required that price lib-eralisation and new tax and lending policies be introduced simultaneously and no later

than the start of next year.

He also made clear that these moves would precede the transition to rouble convertibility, which, he said, would be managed him by start and for the market to become a reality it is essential to change the price formation mechanism radically, introduce a single profit taxation system, change the lending policy and take anti-inflationary mea-Mr Abaikin to Pravitelstvennyu Vestnik

The proposed tax changes would replace the complex and uneven tax structure faced by

enterprises and co-operatives with a uniform system. He quoted figures released earlier this week that an averearlier this week that an average 200,000 working days had been lost daily in the first two months of this year, and said there had been an "absolute slump" in production between December and February.

Mr Abalkin added that, over the same period, coal production had fallen by 6 per cent, oil by 4 per cent, and lorries and buses by 3 per cent and 11 per cent respectively.

He said that the sweeping new powers of decree available to Mr Mikhail Gorbachey, the Soviet leader, would be indis-

Soviet leader, would be indis-pensable in accelerating eco-nomic reform, as would people's readiness to make

"The Government will do everything possible to above the painfulness of the process and to protect the most vulnerable sections of the population as much as possible," he said.

Big need drugs seen

By Peter Marsh

THE MARKET for medical equipment and pharmaceuti-cals in the Soviet Union is likely to double over the next five years as the country takes action to correct its huge health care problems, according to a study released yesterday by Coopers & Lybrand Deloitie, the accountants.

Dr. John Pendlebury, a particular the accountants.

ner in the accountancy firm, said the health care system and that western drugs and equipment companies were poised to benefit from efforts to correct the deficiencies.

Companies already setting up or exploring joint ventures or special trading arrangements in the Soviet Union included Johnson and Johnson and Johnson and Johnson, Eli Lilley, Giano, Siemens and Philips, Dr. Pendleburytold an FT conference in London yesterday.

The current value of drugs

and medical equipment sold in the Soviet Union was now about Rhesbn a year, said Dr Pendlebury. This was likely to rise to Rhe16bn by 1995.

Much of the rise would come from icent ventures involving foreign companies, while imports were likely to increase from about Rbs2bn in 1990 to Rbs3bn in 1995.

According to the study, only about 50 per cent of demand by about 50 per cent of demand by Soviet hospitals for drugs last year was met via domestic production or imports. This figure is likely to decline to 30 percent in 1990, as a result of serious production shortfalls as chemicals factories with a poor record on environmental pollution are closed down.

The Soviet Union had an "appailing" incidence of cancer, much of it due to the environmental influences of toxic materials, Dr Pendlebury said. materials, Dr Pencieousy suc.
Life expectancy had declined
since 1960 from an average age
of about 71 to about 69 today.
Of a population of 280m, 70m
smoke and 80m are overweight,

according to the study. The average Soviet hospital spent only 15 per cent of its

budget on equipment, com-pared to between 40 and 80 per cent for hospitals in the West. Poles expected to resist banks' proposal on debt

By Christopher Bobinski in Warsaw

POLAND IS likely to resist a proposal by western banks that it pay 15 per cent of the interest due to them this year. Mr Janusz Sawicki, the Deputy Finance Minister, said yesterday his country was taking its agreement last month with the Paris Club of creditor nations

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as a benchmark for the Vienna meeting, which starts today. Poland owes about two-thirds of its \$40nn debt to the Paris Chib, which last month agreed to postpone all interest and capital payments until March 1991. The Paris Club appealed to the banks to follow suit, strengthening Warsaw's case for a deferment of all pay-ments due to them this year.

Poland cut servicing of its \$9.1bn western bank medium-term debt in the last quarter of 1989 back to 15 per cent of the amount falling due, leaving arrears worth \$145m. Another \$330m worth of interest payments fall due this year and so far have gone unpaid. At present Poland is only servicing \$1bn worth of short-term trade credits and new bank loans.

An IMF team is in Warsaw at the moment reviewing the progress on Poland's austerity programme. Monthly inflation has slowed and is probably back to single figures this month, against a background of a 25 per drop in industrial sales and a hard currency trade surplus running at over \$400m in the first quarter.



WORLD TRADE NEWS

Smugglers tumble with the trade barriers

Liberalisation everywhere is taking the black out of the market, writes John Barham

slowly killing off smuggling of everything except weapons and drugs in many parts of the world - including South America, where contraband used to be one of the region's few growth indus-

Often, smugglers are polished, multilingual business-men. One contrabandista operates out of luxurious offices in a leafy suburb of Sao Paulo, Brazil's business capital. His headquarters are guarded by surveillance cameras, electronic locks and steel doors. Once inside, the service is conrecus and friendly. Deliv-ery is quick and reliable. But the contrabandista politely but firmly refuses to discuss his

Billions of dollars in unrecorded, untaxed trade still flow across the region's long and permeable frontiers every year, despite efforts by many govern-ments to reduce smuggling by attacking its causes — high taxes, unrealistic exchange rates and virtually insur-mountable trade barriers. Chile and Bolivia were the first to adopt free trade, fol-lowed last year by Paraguay and now by Brazil. Brazilian President Fernando Collor de Mello has abolished many import barriers and allowed the currency to float. The country once had the world's

most protected economy and was the focus of the Latin

America's contraband trade.

Mr Antonio Carlos Portinari, director of Brazil's customs service, said the reforms would probably not stop smuggling. "Import tariffs are still very high and I believe that smuzgling will continue to be a seri-

He said duties were as high as 80 per cent on some prod-ucts. Furthermore, freer trade may yet be blocked by Congress, which must still approve President Collor's emergency conomic reforms

Most smuggled goods are innocuous: consumer goods, machine tools, even scientific equipment. But smugglers also deal in drugs, stolen goods and endangered species.

Brazil's clandestine trade last year was at least \$5bn, equivalent to 10 per cent of recorded trade. Companies also under-reported exports or over-reported imports to the tune of \$11bn. Alvaro Zinni, a Saō Paulo University economics professor, found that com-panies paid for contraband imports out of illegal dollar balances amassed in offshore bank accounts by doctoring trade documents and fiddling exchange transactions. Much of this trade will

wither away now that the Bra-zilian cruzeiro's value is estab-

year, the central bank, which used to establish the exchange rate by decree, allowed the currency to become massively over-valued. That made legal exports uncompetitive and encouraged exchange fraud

and smuggling.
Smuggling on an industrial scale demonstrated the failure of import substitution as a development strategy. By some

Smugglers are said to have brought in mainframe computers, TV studio equipment, aircraft engines, and computer chips

estimates 40 per cent of Bra-zil's personal computers were smuggled in because the law still "reserves" the local mar-ket for uncompetitive Brazilian

In the past, smugglers are said to have brought in anything from mainframe computers (for use by the intelligence services), to TV studio equipment, aircraft engines and untold quantities of computer chips and spare parts. The contrabandistas' quick, efficient and reasonably honest

service contrasts dramatically

with plodding and corrupt bureaucracies. A senior Bolivian official said: "In a way, the contrabandistas are real capitalists and contraband is a

truly free market." Smuggling is easy. Brazil's customs service has only 2,000 officers (European countries tend to have at least three times that number). Rio de Janeiro International airport has eight unguarded entrances. There are no inspectors on permanent duty at seaports. Like most Latin American trade officials, they are badly paid and easily corrupted.

Paraguay and Bolivia have grown into offshore banking centres, free trade zones and duty free shopping centres to service the Brazilian and Argentine underground economies. They would be expected to be the first to suffer with a decline in smuggling. But dere-gulation has the virtue of rid-ding trade of much of its criminal element and beefing up Treasury revenues

Paraguay, for generations the continent's contraband clearing house, liberalised its trade and exchange regulations in 1989 after the fall of Dictator Alfredo Stroessner. Recorded exports immediately doubled to \$1.95bn, indicating that smugglers shipped \$500m-worth of goods in 1988 – with-out paying a penny in taxes. Much of the illicit trade in

commodities is likely to vanish as exchange rates are brought in line with market realities. Smugglers shipped at least \$300m-worth of commodities dus \$2bn in gemstones out of

Brazil last year, simply because the street value of the Brazilian currency slipped to almost a third of the official Farmers smuggled crops and prospectors amuggled miner-als — in particular tin — to

evade local taxes and to cash

in on the big gaps between offi-cial and black market

It is still difficult to operate a company efficiently in many South American countries without occasionally resorting to smuggling, thus making criminals of honest citizens. Smuggling exposes companies to protection rackets and blackmail from their employ-ees. That probably explains why smuggling of machine tools and computers is not more widespread in a country as industrialised as Brazil. as industriansed as Brazil.

Although the vogue for liberalisation and deregulation is catching on in South America, it probably will not spell the end of smuggling. Governments are unlikely to resist the temptation to meddle in markets And Latta America's for-

kets. And Latin America's fas-cination with red tape most certainly will not vanish over-

US to let Japan build **Sparrow** missiles

JAPAN and the US exchanged notes yesterday allowing Japan to make an improved version of the US Sparrow missile system under licence, Defence Agency officials said, AP reports from Tokyo.

Japan's Air Self-Defence Japan's Air Seir-Defence
Force will use the improved
AIM-7M missile system to arm
its F-15 jet fighters and other
aircraft types, a Defence
Agency official said.
The new, more reliable missile will replace the AIM-7F
missile system currently in

missile system currently in Japan, he added. The official refused to provide other details, including the number of missiles to be made in

Japan.
Mr Taro Nakayama, Japan's
Foreign Minister, and US
Ambassador Mr Michael
Armacost exchanged the notes on acquisition and production of the AIM-7M Sparrow missile system, developed by Raytheon, of Lexington, Massa-chusetts. The system will be produced

in Japan by a group of compa-nies, with Mitsubishi Electric Japan's Air Self-Defence Force now maintains 112 US-designed F-15 fighters, most of them built in Japan under

Canada car parts 'face threat from US and Mexico'

By Bernard Simon in Toronto

face a severe threat from lowcost plants in the south-east US and Mexico, according to an extensive study on the future of the C\$14bn (26.6bn) a

The study, conducted by ment consultants Booz Allen & Hamilton and Pilorusso Research Associates for the Automotive Paris Manufac-turers Association of Canada, says over half the car parts makers surveyed with factories in Ontario favour other areas for their next investment, with 88 per cent most interested in

Following moves to create a North American free trade area, to include Mexico, Canada and the US, such conclusions have far-reaching impli-cations for many other sectors of Canadian industry, which share the disadvantages of the

The study, which analysed 77 plants in the US and Canada, says the Canadian indus-try has put off much of the restructuring necessary to ensure competitiveness over the next 10 years. "To the extent that certain Canadian auto parts manufacturers are

CANADA's car parts makers focused on lower-technology parts and components, they are susceptible to increasing competition from developing countries, especially Mexico," the report says.

Little of the recently-developed high-technology parts, such as electronic controls, fuel injection systems and anti-lock brakes, are being sourced from plants in Canada.

The study catalogues com-plaints from Canadian suppliers, including high labour turnover, costs of meeting pension and workers' compensation rules, and availability of support services. Canadian production equipment is an average three years older than plant in the US.

While the industry's labour costs in Ontario average C\$17.96 an hour, the equivalent rate in new US plants is C\$13.95, and in Mexico only C\$1.60. But Canadian plants spend almost three times as much as US facilities on training. US and Canadian suppliers had delivered-cost disadvantages of 5-24 per cent on cer-tain parts compared with Mexico and other developing countries, the study adds.

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of Scotland

Balfour Beatty may join Turkey motorway project

MOTORWAY construction work in south-west Turkey val-ued at \$400m (£235m) will prob-ably be awarded to a venture of the Turkish contractor Entes with Balfour Beatty of the UK in April, pending nego-tiations, Turkish government officials say. The contract would be exclu-

aively financed by Turkey rather than by export credits, they added. But the UK company says it is not involved at this stage.

The contract would be for the 125 kms between Aydin and Denizii of a motorway runand Denizli of a motorway running inland from Izmir to Turkey's Aegean hinterland.

The venture was first selected over four years ago when Turkey began talks for seven major motorway sections. But the Trans-Anatolian route from Bulgarla to Ankara took priority, although the venture was awarded a section

ede, on which it is currently working.
This time, the contractor

between Gumusova and Ger-

would receive 55 per cent pay-ment on completion in local currency, with the rest in five annual instalments. annial instalments.

• AP-DJ reports from Tokyo:
Toyota, Japan's biggest carmaker, has filed an application
with Turkey to start car production there, together with
two other companies — Hari
Omer Sabanci Holding, and
Mitant the Jeneness trading

Mitsut, the Japanese trading The three plan a new com-pany to make 1,600-cc cars in Turkey. To be tentatively capi-talised at \$150m, it would be

owned 40 per cent by Toyota, 50 per cent by Sabanci, and 10 per cent by Misui. The plan calls for output of 20,000 cars a year, starting early in 1993, rising to 100,000 a year, including cars and commercial vehicles. cars and commercial vehicles. The three plan to invest \$250m.

Japanese ruled out of stick with Taipei bids

venture was awarded a section of the latter worth \$70m

TAIWAN will allow European and US companies to bid for the supply of trains for the new Taipei underground sys-tem but Japanese companies are to be excluded, Peter Wickenden reports from Talpei. Taiwan's trade deficit with Japan increased by 14 per cent to \$6.96bn (£4.1bn) last year, and officials fear it could rise to \$8bn this year and \$10bn by 1992. Mr Frederick Chien, this economic planner could the Government had therefore tentatively decided to exclude Japan from the hidding for a second batch of electric trains

worth around \$190m.

In 1988, the cabinet decided to limit the bidding for 44 trains to US companies after US pressure on Taiwan to reduce its bilateral trade surplus.

S Korea bans TV sets from Japan

South Korea has added large colour TV sets, water pumps and 16 other items to goods not allowed to be imported from Japan, trade ministry officials said, Our World Trade Staff writes. Seoul dropped carbon blacks, an ingredient for ink, and 21 other items from the list which now has 258 items.

Seoul urged to end restrictive practices

Mr Frans Andriessen, EC External Affairs Commis-External Affairs Commissioner, yesterday urged South Korea to end restrictive trade practices and improve protection of intellectual property rights, John Ridding reports from Seoul.

At the inauguration of the EC delegation in Seoul, Mr Andressen said that, while he appreciated "the courageous measures taken to correct

measures taken to correct Korea's trade imbalances". import duties remained on average three times higher than the Community's and non-tariff barriers still impeded market access.

Hope for toy group

The Japanese Government is taking the first steps to allow Toys 'R' Us, the US toy distributor, to open a store in Japan, APDJ reports from Tokyo.

Turkey to **Airbuses**

THE Turkish government has decided to stick with Airbus Industrie in the next fleet purchases planned for the stateflag carrier Turk Hava Yollari (THY - Turkish Airlines), with an order announced today for five A-340-300s valued at upwards of \$500m (£294m). The first three aircraft will be delivered to THY in the first half of 1993, and the fourth and fifth in 1996 and 1997 respec-

Apart from these firm orders, options have been taken out for another five aircraft for delivery in 1988 and

This means that Airbus has once again beaten off fierce competition to secure the major component of THY's fleet standardisation plans. Its main competitors were McDonnell Douglas with its MD-11, sing Boeing with the 747-400.
Starting in the early 1980s,
THY has ordered a total of 14
Airbus 310s, of which the last
will be delivered next year. However, in doing so it has also incurred a debt of around \$1bn, instrumental in persuading the airline in the last two purchases to opt for lease rather than straight credit financing.

Financing terms for the A-340s are likely to be decided nearer delivery, according to senior THY officials.

Although the airline paid out around \$212m in external debt servicing for aircraft and spares last year, of which \$149m was for Airbus repay-ments, 1989 was the peak for its current foreign debt servicing

schedule.
Overall, for its long-term purchasing plans, THY expects to spend around \$2hn \$2.5hn on a total of 32 sircraft.

The deal, announced yester-day by Mr Tuncer Altinkaya, Transportation Minister, also includes an offset investment

programme by Airbus.
The aircraft will be used by THY in its next stage of route expansion overseas in a strategy now aimed at hard currency earnings from external routes, rather than internal services.

services.
Already targeted for the new aircraft are routes to New York and Tokyo, while others are being considered in the Far East and the Americas

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AMERICAN NEWS

drop emergency police powers

de Mello of Brazil has bowed to intense political pressure by withdrawing the two most controversial items of his emergency anti-inflation policy, which granted the police sweeping powers to enforce economic controls.

economic controls.

To public glee, police arrested bank managers, owners of 2 supermarket chain and hriefly detained directors of the country's leading newspaper, Folha de S. Paulo. The newspaper unleashed a vitriolic campaign against the government, comparing Mr Collorwith Benito Mussolini.

However, Mr Aristides Jungueira Alvarenga, head of the

queira Alvarenga, head of the public prosecutor's department and chief constitutional watchdog, showed the measures to be unconstitutional. They allowed suspects to be remanded in custody, although the laws they are accused of infringing have yet to be

passed by Congress.

The measures, designed to crack down on tax evasion, abuse of economic power and formation of cartels are to be submitted to Congress again as conventional bills. The previous government of Mr José Sarney attempted several times to introduce similar leg-islation, but failed to obtain a

Mr Collor's decision to with draw the two measures yesterday was praised by observers worried about the package's authoritarian shading. Mr. Etevaldo Dias, a columnist, wrote: "This episode holds some good democratic lessons. Collor saw that the measure gave excessive powers to the police and that this is danger-

Mr Collor said the withdrawal did not represent a political defeat. He has repeat edly stated that his anti-infla tion policies should not be altered. Congress has until to mid-April to approve, rewrite or reject the entire body of his economic reforms. Until then, they do not have full force of

Many of the 3,000 amend-Many of the 3,000 amend-ments are aimed at relaxing the central bank's grip over savings. Legislators are also expected to fight hard to curb the President's proposal for privatisation en masse of feder-ally-owned companies.

dised mortgages and combat-ing pollution in Santiago. The reforms are central to the new Government's aims to address social needs ignored by the previous military regime while avoiding the errors of new democratic governments

in Argentina and Peru. These rushed to improve wages and social services only to find fis-

cal deficits and inflation fore-ing them into steep recessions. President Aylwin's coalition of Christian Democrats and

or Christian Democrats and Socialists began negotiating the tax package with opposi-tion parties, business groups and trade unions before it took office on March 11. As well as

underscoring President Ayl-

Collor forced to Arms spending cuts put the market into forces

Manufacturers are facing more competition - not all of it open, write David White and Lionel Barber

FOR THE fourth time since the Second World War, the US is scaling down its spending on arms gradually so far, but includeably. Armament industries in allied countries are looking on with apprehension.
Intended US reductions are not only a preview of things expected to come in Europe. They will also have a direct impact on four aspects of their

. Their access to the US mar- Transatiantic collaboration. Competition from US com-panies in Europe.

Competition for the remain-Tompeution for the remaining growth markets in Asia. In the latter two areas the implication is clear: a more aggressive approach by US companies, for whom exports are no longer just icing on the cake. But the consequences for foreign contractors' direct dealines with the US are mucking. foreign contractors' direct dealings with the US are murkler. On an official level, the US is seaking freer arms trade between allies and increased collaboration, both to share the development cost of new wearons and to provide a more standardised western armoury. But the omens are not all good. Collaboration has produced a catalogue of recent minhaps. catalogue of recent mishaps. Britain dropped out of a joint

see mine programme with the US. The US and the UK

together scuttled an interna-tional project for conventional-



McDonnell Douglas/British Aerospace AV-8B Harrier jump jets: a success story amid the failures

ly-armed "stand off" missiles launched from aircraft. Britain pulled the ping on an eight-nation North Atlantic Treaty Organisation frigate, followed eventually by the rest of the European partners. Suropean partners.

Plans for short-range and medium-range air-to-air missiles have run into trouble, especially the British-led short-range project, which risks being too late to meet the US requirement. British officials admit that Britain now has a "less than perfect name" in Washington as a co-opera-

tive ally.
Mr William Taft, the US ambassador to Nato, formerly deputy Defence Secretary, warned earlier this month: "International co-operative

falling at an alarming rate

and it seems that transatiantic programmes are especially
vulnerable. There is a real danger of the two sides of the each other off."

Successful programmes such as the McDonnell Douglas/Brit-ish Aerospace AV-8B Harrier jump jet are already "mature". A 1985 contract for Thomson-CSF of France and its US partner GTE for battlefield communications worth \$4.3hn, the big-gest US army order ever opened to foreign competition, is virtually at an end.

There are still joint projects moving ahead, including a guided warhead for multiplelaunch rockets and, rather more slowly than foreseen, the US Navy's T-45 version of

BAe's Hawk let trainer. But hopes that the US might find a requirement for the Anglo-German-Italian Tornado air-craft – for anti-radar missions – have faded.

Other possibilities - a super-sonic successor to the Harrier, a new main armament for tanks - are still far off.

Problem issues are the volume of reciprocal purchases attached to US export con-tracts – in the case of the UK's Boeing/Westinghouse Awacs early-warning aircraft, prom-ised offsets were 130 per cent of the contract value — and the level of technology transfer the

sharing technology produced long and bitter wrangling over Japan's FSX fighter project,

based on the F-16. Final agreement between General Dynamics and Mitsubishi was signed only last month, two years after the joint project was announced. Further problems are expected as Japan builds up its defence and aerospace

European companies fear a groundswell of protectionism in the US as defence jobs in many states come under threat, and senior US defence officials warn that pressures may increase. Allied governments are counting on Pentagon support to resist attempts

to introduce "buy American" clauses in US legislation.

The Pentagon, however, says protectionism is "a two-way worry". Eyebrows were raised by the way Britain ensured that a Ferranti-designed radar charled be adeated for the Numerous strength of the second strength of th should be adopted for the Euro-pean Fighter Aircraft project rather than a version of a US Hughes radar.

Foreign companies are by no means all gloomy about their prospects in the US. But they have rarely sold whole weapon systems. Most sales are through subcontracts. Smiths Industries, for instance, the British avionics company, does about half its business in the US. "Prime" contracts for weapon platforms are another thing. And strategic weapons are definitely out of bounds. There is also a limit on what

defence companies can sell in the US without a US produc-tion base. GEC-Marconi of the UK, which annually exports several hundred million dollars worth directly to the US, has in the last three years become an important US manufacturing group with 5,000 employees, including the US subsidiaries of its former UK rival Plessey.

Matra of France bought a foothold through the former space and defence electronics division of Fairchild Industries last year and has been among companies eyeing Ford Aero-space. But enthusiasm about defence acquisitions in the US has been jaundiced by Ferranti's experience with Inter-national Signal and Control, which brought the UK company to its knees. US security rules make it hard for foreign owners to keep a close watch on their offshoots business.

Attitudes also vary according to country of expensions

ing to country of ownership, with Canada and the UK relatively favoured, compared with West Germany, for instance. But any foreign company,

according to one seasoned executive, is working against the odds: "If you have the best product at the lowest price and it is not in a super-sensitive area, then you stand a good chance" This is the last article in a

three-part series that began on

Higher taxes to fund Chile social projects

By Lestie Crawford in Santiago

CHILE'S new civilian government and the main right-wing opposition party have agreed a package of tax reforms that will allow President Patricio Aylwin to fulfil his election pledge to spend more on social projects. Under the deal, corporate-income tax will be raised from

10 per cent to 15 per cent from 1991 to 1994, after which it will return to 10 per cent. Value added tax will also be raised by 2 percentage points from 18 per cent and personal income tax rates will be increased for those in the higher income

The tax increases are expec ted to generate an additional sed to generate an additional stom a year and will be earmarked for a special "social fund". Mr Alejandro Foxiey, the Finance Minister, said it, would be used for improving pensions, family benefits, school meals, health, youth employment schemes, subsi-

Surmam rebel

leader arrested

Cuba jams US

TV station

Mr Ronnie Brunswijk, the leader of an anti-government rebel movement in Surinam, has been arrested by the police in Paramaribo, the capital of the Dutch-speaking republic in north eastern South America. Canute James reports from

Kingston. Mr Brunswijk, who was in Paramaribo for a new round of talks on ending a three and a half year insurgency of Bush Negroes, descendents of runaway slaves in the east of the country, has been detained on charges with drug

trafficking.
The rebels and their leaders have not been persuaded to lay down their arms despite the decision of the military government to hand over to an elected civilian administra

Two policemen and two of Mr Brunswijk's rebels were killed in a savage gun battle at

win's wish to rule by consensus, the backing of Renovacion Nacional (RN), the main conservative party, will ensure a smooth passage through Congress when the reforms are presented for approval next

Television Marti, a US funded news and entertainment stanews and entertainment sta-tion based in Florida, beamed signals to Cuba for the first time yesterday and the Cuban government said it jammed the broadcast after just 10 minutes, Reuter reports from Havana. An official Cuban statement said Washington might be using the broadcasts to seek an excuse to launch a military invasion.

invasion.
TV Marti showed three TV Marti showed three hours of Spanish language programming that included music video clips, a situation comedy, baseball highlights and a travelogue about New Mexico, a Voice of America (VOA) official in Washington said.

The battle of the airwayes is the left fronts of the left fronts of the

one of the last fronts of the Cold War and represents the latest clash in the hostile relationship between the US and Cuba that began shortly after Fidel Castro led a left-wing rev-olution that took Cuba in 1959.

Unions in Mexico pose fresh challenge

By Richard Johns in Mexico City

NO LESS than 121 Mexican organisations have joined together to form a new trade fighting for workers' constitu-tional rights, including the right to bargain collectively and strike. The move is a challenge to the Mexican Government's attempts to control

labour dissidents Revolt against domination by the ruling institutional Rev-olutionary Party through the Confederation of Mexican Workers (CTM) and its ageing and faithful leader Mr Fidel Velasquez crystallised at the weekend with the formation of the United Union Front in Defence of the Workers and the

Constitution. A trigger-point in what could be a serious confrontation has been the six-week strike by 5,200 workers at the Cerveceria Modelo brewery in Mexico City. The strike has been declared "filegal" by the Fed-eral Council for Conciliation, a body regarded as subservient to the Government

Leading the front is the Con-federation of Revolutionary Workers (COR) whose sec-

Jesus Perez, said he had sent a message to President Carlos Salinas de Gortari stressing the need for dialogue and national unity, "but not to the detriment of the the well-being of the majority".

The Government, desperate to reassure foreign investors but increasingly needled by criticism of the country's lack of respect for democratic procedures, is bound to be embar-rassed by the setting up of an organisation opposed to the CTM and its manipulation of "strategic" unions.

The COR tried to take over union representation at Ford's plant at Cuavititan where there was a five-week work stoppage earlier this year after CTM thugs entered the plant and beat up protesters, killing one and severely wounding

several others.

The left-wing opposition led by Mr Cuzuhtemoc Cardenas's Party of the Democratic Revolution is not alone in supporting union freedom. The Jesuit order of the Roman Catholic church has emerged as a strong critic of the Government's violation of union

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OVERSEAS NEWS

By John Ridding in Secui

SOUTH KOREA'S economy grew less than 7 per cent last year, the smallest increase since 1981, the Bank of Korea

According to the central bank, the slowdown reflected a sharp decline in exports, resulting from the appreciation of the Korean currency and the impact of severe labour unrest. Preliminary figures released by the bank showed that gross national product increased by 6.7 per cent, to Won119,540bn (£107bn), compared with a rise of 12.4 per cent in 1988. Gross domestic product grew by 6.1 per cent to Won120,430bn and per capita GNP increased from \$4,127 to \$4,970.

Although impressive by international standards, last year's performance follows three years of double digit growth. The slowdown prompted criticism of the Gov-ernment's economic policies and earlier this month a new economics team was installed through a cabinet reshuffle. The new ministers are expected to announce an expansionary economic package this

The bank said the last year's slowdown resulted from the strength of the South Korean currency - which rose 30 per cent against the dollar between 1986 and 1989 - and protracted industrial disputes which disrupted production and prompted wage increases of more than 20 per cent.

These factors resulted in a loss of international competitiveness and caused exports to fall, on a customs clearance basis, for the first time since 1974. According to the BOK, Won46.280bn.

The domestic sector, however, showed relatively strong growth. Domestic consumption trial investment increased by 12.3 per cent.

This year, analysts are fore-casting that GNP will rise by about 7 per cent, with the recent decline in the won

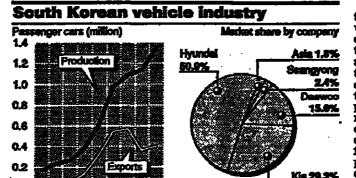
Stering prospects as a vehicle exporter have dimmed because of a fall in its

competitiveness and the slowing of demand in its principal Just three years ago, the established international car

anufacturers were given an unpleasant surprise by the arrival of Korean producers. Hymdai made the most successful ever introduction in the North American markets, selling 168,000 Excels in the US in 1986 and capturing almost 10 per cent of the Canadian mar-ket in its first year of ship-

Further, Hyundai's success appeared to represent the earhead of new invasions by Daewoo, Kia and the other Korean manufacturers. But since then, this progress has been thrown into reverse. Korean car exports fell by 38 per cent in 1989 to 356,000 units, with most of the damage sustained in the US.

This year has been equally difficult, with production falling by 13 per cent in January, year on year, and exports of cars declining by 18 per cent. Fortunately for Hyundai and other manufacturers this decline has been offset by a



booming domestic market. Local sales overtook exports last year, growing by almost 50 per cent to 763,000 units. But while the domestic market remains buoyant, analysts argue that it doesn't provide a long term remedy.

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The decline in exports reflects the coincidence of several constraints. Higher wage costs and an appreciating currency have forced up export prices at a time when effi-ciency gains by Japanese pro-ducers and a weakening yen increased the competitiveness of Korea's main rivals. With

for the higher quality Japanese cars. At the same time, the US market has been undergoing a

Source: Milabby of Trade and Industry

South Korea's car makers have failed to live up to their early promise, writes John Ridding

"Everyone has been suffering," says Mr Lee Soo II, managing director of Hyundai Motors' planning office. "Even Honda started offering rebates last year." The downturn is expected to continue, with US sales forecast to fall about 5 per cent for the year, and with competition expected to be fiercest at the lower end of the market. Some of the constraints facing Korean manufacturers are expected to ease.

Labour disputes are unlikely wage round and wage rises are expected to be much lower than the average 20 per cent awarded in each of the last three years. As a result, exports are expected to hold their ground this year, and possibly show a slight improvement. But the problems experiers also point to more fundamental weaknesses. In particular, they are overdepen-dent on the US market, which There are also signs that acquiring foreign technology is becoming more difficult. Volvo

along with Canada, accounts for almost 90 per cent of exports. Attempts to diversify are under way, but progress is only gradual. Most Korean manufacturers are also con-strained by a lack of technol-ogy and a weakness in the domestic components industry.

Korean producers have typically overcome their lack of

technology by turning to over-seas sources. Hyundai has received technology from Mit-subishi, which has a 15 per cent stake in the company, Daewoo Motors is 50 per cent owned by General Motors, and Kia Motors, which receives technology from Mazda, is mar-keted in the US by Ford.

has been limited by its rela-tionship with GM," says an analyst at one of Korea's main securities companies. "GM is reluctant to introduce Daewoo cars where it already has a presence and has not moved as fast as Daewoo would like in introducing new models." In addition, analysts argue that such links have fostered dependency and slowed the develop-ment of the base technologies necessary for design and components manufacture.

has apparently pulled out of a

production agreement with Ssangyong, a Korean manufac-turer which specialises in jeeps, and Samsung, Korea's largest conglomerate which is largest congiomerate which is seeking to enter the motor industry, is reported to be having difficulties finding a foreign partner. Faced with these disadvantages, some Korean producers have concentrated on independent development. Hyundai, South Korea's largest manufacturer is now self-sufficlent in most areas of design and manufacturing. emphasise the development of our own technology," says Mr Lee, who adds that "we started semble our own-designed

engines several years ago." But independence in technology is expensive and alow. Hyundai plans to devote over \$200m to R&D this year and started its own research centre

For the moment, Hyundai and the other Korean manufacturers have the convenient cushion of the domestic mar-ket. "Obviously growth will not be as fast as in 1989, but we are anticipating an increase of at least 20 per cent this year. says Mr Lee Dong Wha of the Korea Automobile Manufacturers Association. Profit margins, too, are generally higher on domestic sales.

The problem, according to analysts is that the domestic market cannot sustain the industry indefinitely. Although the ratio of passenger cars to population is about 1:30, and is lower than in Taiwan and most of the Asean countries, Korea's traffic infrastructure is already groaning under the weight of increased car ownership.

"The fast growing domestic market is very important," says Mr Joe Gormezano, an antomotive consultant, "but it is not sufficient to provide the required volumes or technological stimulus for the Korean industry."

sales 'to raise cash'

By Our Foreign Staff

CHINA is reported to have begun exporting short-range ballistic missiles, probably to Iran or Iraq, to raise badly

needed cash.

Chinese defence ministry officials said they were unaware of any missile sales.

But western diplomats said shipments of the surface-to-sur-face missles were being made while western countries enjoyed vastly reduced influ-ence with the Peking Government because of the severe strain in ties since the massacre of demonstrators in the capital last June. In 1987, following a row about the supply of Silkworn

missiles to Iran during the Iran-Iraq war, Wu Xueqian, the then Foreign Minister, said in a Financial Times interview that China had been too lax in controlling the sales of its anons and was introducing strict new controls. Although China denied sending the mis-siles to Iran, US satellite intelligence showed the missiles being loaded onto a ship at a Chinese port and off the same ship at an Iranian port. President George Bush has said Mr Brent Scowcroft, the

US National Security Adviser, on a controversial visit to Peking in December, was given a "very sound" pledge that missiles would not be sold to the Middle East. But the US Administration has not speci-fied what kind of missiles were

covered by the pledge. Witnesses have seen two convoys carrying 26 missiles as well as launchers and other accessories moving through the outskirts of Peking since Saturday. The convoys appeared to be heading towards the main north China

port of Tianjin.
The missiles were believed to have been the MIB, which has a range of 50 to 70 miles and is a relatively new addition to China's arsenal, developed within the last two years. The convoys moved under cover of darkness with police cars lead-ing the way and bringing up China announced a sale of

its CSS2 intermediate range ballistic missiles to Saudi Arabis in 1988 in a deal estimated to be worth more than \$1bn. The CSS2 has a range of 2,000 miles and is adapted from the Long March-1 rocket.

Australia 'facing grave economic problems'

By Kevin Brown in Sydney

time to solve its grave eco-nomic problems, Senator Peter Walah, Finance Minister in the caretaker Labor government, warned yesterday.

His warning sets the stage for a battle over environmental constraints on industrial development if Labor is returned to office following last Saturday's closely fought general election. Counting was still going on last night but Labor seems set to win a parliamentary major-ity of three or four seats. The final result is expected tomor-

Senator Walsh said he was speaking out to try to prevent a hostage to pressure groups. "Time is running out for Australia," he told the Sydney Morning Herald newspaper.
"We have only a few years to
address the fundamental economic problems or they will become irredeemable for the

AUSTRALIA is running out of lia's survival as a First World nation was at stake. Referring to the effect of environmental contraints on the economy, he said: "The environment in Lagos, Calcutta and Mexico City is pretty bloody dreadful and it is in that direction this group will take Australia if their agenda is met." Senator Walsh said Austra-

lia's A\$120bn (£55bn) foreign debt was likely to increase by around A\$18bn this year because of the Government's failure to reduce the current account deficit, running at around A\$2bn a month.

"The economic situation is

so grave that the Government should not be deflected from pursuing the things that should be done by either opinion polls or a slender majority," he said.
Senator Walsh's comments

infuriated the environmental movement, which has successfully opposed several mining and industrial projects in environmentally sensitive areas. best part of a generation." Senator Walsh said Austra-

China resumes missile Israel's religious parties relish power

THE senior Israeli industrialist – a kibbutznik from the heart of Israel's secular, socialist Zionist tradi-tion – shook his head. "Can you imagine? In the modern state of Israel every-thing comes to depend on an old rabbi and his tiny religious party. It seems like Khomeiniism. But they are not

Most Israelis expressed similar dis-quiet that the address by a nonogenar-ian rabbi to a gathering of his fervent-ultra-orthodox followers in the incon-gruous setting of Macabbi, Tel Aviv's basketball stadium, should apparently determine the fate of their Government, and with it whether the nation moves towards peace talks with the Palestin-The ultra-orthodox communities are

indeed only a small proportion of the population, hoisted to power and influ-ence by Israel's extreme version of proportional representation. But whether the less God-fearing majority like it or not, the religious parties have learned over the years how to play the political game and, to some extent, have themchanted psalms and then let forth a deafening crescendo of singing for their Lithuanian-born mentor Rabbi Eliezer Schach as the tiny old man made his way to the podium.

They fell into reverent silence as he delivered in a cracking voice, in Hebrew and Yiddish, a powerful injunction against the kibbutzniks and other secu-lar Jews who, he said, had abandoned their faith. He pointedly eschewed a

direct political message.

On the stadium floor, however, the ultra-orthodox equivalent of "spin-doctors" worked the assembled journalists assiduously. In a skillful political operation, they quickly established the inter-pretation that Rabbi Schach, in his iptical way, was signalling that Degel HaTorah, and its sister Sephardic party Shas, which has six Knesset seats, would not supply the votes Mr Shimon Peres, the Labour party leader, needs to form a Government committed to peace

The result was a near concensus in Israel yesterday that Mr Peres's chance salves been changed in the process.

At first sight the scene on Monday night owed nothing to conventional politics. The 10,000 black-hatted, black-costed Ashkenazi faithful of the Degel

HaTorah party — which has two seats

Is then the process.

of forming a Covernment was now very slim. Likud members expressed confidence that Mr Shamir could do so instead.

But the game is far from over yet and.

Degel and Shas have carefully not

closed their options as the struggle between Mr Peres and Mr Shamir con-tinues. After all, Rabbi Schach made an oblique reference to territorial issues that seemed to favour Labour policy. It won't have escaped him either, that Likud and Labour are vying with each other to pour extra public money into religious institutions as the budget is finalised in parliament.

The episode illustrated not only how the religious parties have developed their own ways of working the system, but also how they have become inextri-cably involved in mainstream political issues far beyond narrow religious con-

Apart from the National Religious Party, the religious groups now in par-liament (Shas and Degel HaTorah grew out of a split with Agudat Israel, which currently has five seats) are non-Zion-ist. They rejected the establishment of the state in 1948 on doctrinal grounds. Their men do not serve in the group a Their men do not serve in the army, a persistent cause of resentment among most Israelis. They were involved in coalitions with

both Labour and then Likud for years. But a virtual stalemate between the two big parties since 1984, and greater mobilisation of their own support has thrust the religious parties into the position of making and breaking governments.



Rabbi Schach: interpreted

27 killed in | Ivory Coast rebel attack doctors strike on Kabul

TWENTY-SEVEN people were killed and 22 injured when Afghan rebels fired rockets into residential areas of Kabul yesterday, Kabul radio said in a broadcast monitored by the British Broadcasting Corpora-

Four ground-to-ground mis-siles were fired, one hitting a packed mini-bus, the radio said. Hundreds of people have been killed in rocket attacks on the Afghan capital during the

tion, Reuter reports from Lou-

past year.

The rebels have attacked several strategic cities in the south of the country recently in what appears to be the start of a spring push against the Soviet-backed authorities. Government troops killed 39 rebels in fierce fighting around the besieged city of Khost on Saturday, acting Foreign Min-

istry spokesman Mr Moham-mad Nacib said. The Government has been bracing for an offensive alnce Defence Minister Shahnawaz

DOCTORS in Ivory Coast yesterday voted for a indefi-nite strike and withdrew emer-

nite strike and withdrew emergency cover in protest at mass arrests of demonstrators on Monday night.

More than 300 doctors voted for a 48-hour strike on Monday in protest at a planned 14 percent pay cut to be introduced on March 31 as part of a government austerity plan.

But the arrest on Monday afternoon of Mr Richard Kodio, a doctor at Ahddian's Kodjo, a doctor at Ahldjan's university hospital, prompted the National Union of Senior

Health Executives to threaten an all-out indefinite strike if he was not released humedifollowed a few hours later by the arrest of 150 teachers and doctors in Abidjan who had defied a nationwide ban on demonstrations imposed ear-lier in the day. Mr Kodjo was accused by police of organis-ing demonstrations when he was arrested, but union offi-cials deny this.

Malaysians raise voices against Islamisation

Lim Siong Hoon in Kuala Lumpur

MALAYSIAN opposition and non-Moslem groups have stepped up their campaign stepped up their campaign against what they see as a trend towards Islamisation of the country through state and national legislation supported by Dr Mahathir Mohamed, the Prime Minister.

The most controversial law yet is one which permits conversion to Islam of minors version to islan or minors without their parents' consent. This was passed by the Selangor state legislature last July, despite a constitutional guarantee giving parents the right to determine their children's

The Malaysian Consultative Council of Buddhism, Chris-tisnity, Hinduism and Sikhism announced a campaign to collect a million signatures against the law, but promptly called it off after Dr Mahathir agreed to a meeting to discuss the issue.
The Selangor controversy is

Defence Minister Shahnawaz
Tanai fied to join the westernbacked rebels three weeks ago
after leading a bloody coup
attempt against the Government of President Najibullah.

was arrested, but union off
the Selangor controversy is
the latest in a long list of grievances in a country where about
half the population is Moslem.
Non-Moslems have been
unhappy for some time on
is building up in the country.

church and temple construc-The latest outcry is confused by constitutional contradicby constitutional contraint-tions. In a landmark decision earlier this mouth, the Supreme Court ruled that par-ents have the constitutional right to decide the religion of their children under 18. But state legislatures also have constitutional powers to pass

constitutional powers to pass Islamic laws.

Eight legislaturs from the Malayaian Chinese Association, a member of the ruling coalition controlled by the United Malays National Organisation (Umno) of Dr Mahathir, have threatened to resign over the Selangor law.

Dr Mahathir has blamed the opposition, the Democratic Action Party, for aiding the

Action Party, for aiding the campaign, saying he would hold the party responsible if racial riots broke out as a

A general election is expec-ted this year and Dr Mahathir appears eager to calm religious tensions as his coalition will rely on non-Moslem votes to retain its two-thirds majority in parliament.

Algeria admits foreign capital By Francis Ghilès

THE Algerian National THE Algerian National Assembly has approved a banking and investment law which opens the door to foreign investment, outside oil exploration, for the first time since independence in 1962.

Apart from some sectors which are reserved for the state, and which are not as yet defined, foreign investors will be allowed to own up to 100 per cent of companies and repatriate all profits.

Foreign banks will be able to set up representative

repatriate all proms.

Foreign banks will be able to set up representative branches (three French banks, Credit Lyonnais, Société Générale and Banque Nationale de Paris already have); joint ventures (the private Saudi group Al Baraka set up a joint bank and a joint leasing company earlier this month); and open branches (Credit Lyonnais has just done so) to offer a wider range of banking services.

The new law also lays the foundations of a more modern banking system, in which the banks will enjoy much greater autonomy from the Ministry of Finance. It reinforces the powers and freedom gained by the central bank since Mr Mouloud Hamrouche became Prime Minister last September.

elections postponed for a year By K.K. Sharma in New Delhi

Punjab

ELECTIONS in Punjab are to be postponed for at least another year following agreement by all political parties that the atmosphere of vio-lence will not permit a free

The Indian Government yes-terday introduced a bill to parliament to amend the constitution providing for extension of President's rule, or direct administration by the central Government, for another year. President's rule has been in force for nearly three years, missible under the constitution, which allows direct inistration by New Delhi for two successive periods of six months if constitutional mment is not possible in a

In the case of Punjab, where militants have launched a vio-lent movement seeking a separate Sikh nation that they call Khalistan, the constitution was amended two years ago by Mr Rajiv Gandhi's Government for a further extension of President's rule. Anoth ment of the constitution is necessary to postpone elections

The Government of Mr V.P. Singh has promised to apply "a healing touch" to the Sikhs. It has already met some of their demands such as prosecuting the killers of more than 3,000 Sikhs in Delhi and northern India after Mrs Indira Gandhi's assassination by her Sikh secu-

Mr Singh has visited Punjah twice since taking over as Prime Minister nearly four months ago and has held con-sultations with other political parties on finding a solution to the Punjab crisis. He has also established contact with Mr Simranjit Singh Mann, a former police officer who is thought to have links with the militants. Mr Mann was freed from jall after being elected to parliament last November.

A great deal of hope was pinned on Mr Mann whose party is now thought to be the dominant political group in Punjab. Mr Mann does not, however, seem to be acceptable to all the militant groups since terrorist violence in Punjab continues unabated even continues unabated even though he has condemned killing of innocent people.

●PLO leader Mr Yassir Arafat dismissed Israel's political stalemate on Tuesday as an attempt to evade peace talks and win time to crush a twoyear-old Palestinian uprising, Reuter reports from New

"I expected this," Mr Arafat said of the deadlock over forming a new Israeli government.
The previous coalition fell apart over a US proposal for peace talks with Palestinians

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recognise the self-declared state of Palestine last year. He has been greeted in Delhi as Palestinian president.

unnamed countries of refusing to admit Soviet Jewish migrants, suggesting that many of the 100,000 Soviet immigrants which Israel expects this year had really wanted to settle elsewhere.

Arabs fear many of the

in Cairo. Mr Arafat was addressing a news conference after receiving an award for promoting international goodwill from India, the first country to

He accused the US and other Soviet Jews will settle in the occupied territories where Palestinians demand their own

Zimbabwe election may be last under a multi-party system From next month Mugabe can - and probably will - declare a one-party state if he wins poll, writes Julian Borger

The potential for rural backing for 2m has been further undermined touring the country addressing up to the Mr. Tekero's controversial deci-

P OLLING begins today in what may prove to be Zimbabwe's last multi-party presidential and parliamentary elections.

Ten years since coming to power President Robert Mugabe and his ruling party, the Zimhabwe African National Union (Zanu), face a severe test both of the country's economic record and the government's plan to create a one-party state.

On the economic front, an acute foreign exchange shortage, a chronic transport crisis, annual population growth rate of well over 3 per cent, and growing pressure on land have left the economy unable to cope with the rising level of unemployment. On the constitutional front, President Mugabe has made it clear that an election victory will be treated as g mandate to make Zanu the sole political party, a change which becomes possible with the expiry next month of the 1979 Lancaster House constitution which paved the way to independence the following

Zimbabwe can claim a degree of economic success since 1980, particu-



larly when set against the dismal record of most African states. Average annual gross domestic product growth during the decade is around 4 per cent, while the benefits of independence are best illustrated by rapid growth of education and

But underlying trends are worrying. Only 8,000 new jobs a year have been created in the formal employ-ment sector of the economy, while 300,000 school-leavers are expected to come onto the labour market this

Unemployment coupled with a widespread sense of disillusionment, widespread sense of distillusionment, faelled in part by increasing corruption, have created an opening for a new opposition party, the Zimbabwe Unity Movement (Zum), which was launched last year advocating a multi-party democracy and a mixed economy.

Led by the former sec-retary-general of Zanu, Mr Edgar

Tetary-general of Zanu, Mr Rogar Tekere, the party was formed just as Zanu was plastering over the tradi-tional divide in Zimbabwean politics by merging with its rival, the Zim-habwe African People's Union (Zapu), led by Mr Joshua Nkomo. The merger brought closer President Mugabe's oft-expressed intention of creating a one-party state
- hence Mr Tekere's warning to
Zimbabweans that if they vote for Zann, it will be their last vote in free

The Zum leader has a chequered record, which includes an incident shortly after independence in which he led a raid in which a white farmer was shot dead. Although he was charged with murder, the case was dismissed on a technicality. Mr Tekere's most fervent follow-ing is on the university campus, closed last October after student dis-

ciosed last October after student dis-turbances, and which will be re-opened only in late April. But the bulk of his support comes from the urban unamployed.

There are, by contrast, few signs of opposition support in the rural areas, where Zanu has traditionally had a strong grip on the population, and where new schools clinics and and where new schools, clinics and incentives for peasant farmers have had a marked impact since indepen-

Even in the western province of Matabeleland, long the seat of bitter opposition to Zanu, memories are still fresh of Mr Tekere's threats, when still senior official in the party, to crush Zapu's support in the

by Mr Tekere's controversial deci-sion in February to merge with the sion in February to merge with the all-white Conservative Alliance of all-write Conservative Alliance of Zimbabwe (Caz), direct descendant of Mr Ian Smith's Rhodesian Front. The pact means that Zum has been unable to match Zanu's prom-ises of wholescale redistribution of land from white farmers to blacks

now farming overcrowded commu-nal lands once the Lancaster House constitution expires. That constitu-tion ensured that land would be tion ensured that tand would be transferred on a "willing-buyer, willing-teller" bests. But with the prospect of such constraints falling away, President Mugabe has been touring the country on the alogan:

"Land to the people now,"

It has not yet been made clear how this will be achieved, although covernment officials are civing out.

government officials are giving out assurances that there will be no

candidate told his constituents that the party would "go back to war if it loses the elections". Campaign violence has been on

the increase as the two-day polling period approaches. In a shooting incident last Saturday the Zum can-didate in the Midlands town of Gweru, Mr Patrick Kombayi, an exmayor who was making an energetic challenge to Vice-President Simon Muzenda, was wounded, together with five of his supporters.

Mr Kombeyi, a Zanu stalwart until his conviction for heating up a local shopkeeper embarrassed the party, exists that police and members of the Central Intelligence Organisation personnelly. tion were responsible, a charge that has been denied.

In what has been a rough and tough campaign, a slogan that would win a bad-taste award is being Despite the opposition weaknesses, Zanu has approached the hearse with a voice-over "AIDS kills election campaign with an urgancy — so does Zum".

UK NEWS

dence rather than emotion, was made by Mr Bernard Hen-

lerson, chairman of the Water

Services Association, yesterday Speaking in London at a Financial Times conference on

the European water industry, Mr Henderson, also chairman of Anglian Water plc, questioned the basis on which some European Commission quality improvements were being made.

absolute level of compliance is important. For others it is not.

important. For others it is not. If we are not to spend millions, possibly billions of pounds, in the vain pursuit of an equivalent of philosophers' gold we should review some of the parameters and interpret them on a more practical besis," he

It was a call that attracted widspread support from an industry faced with a massive

industry faced with a massive investment programme over the next decade to bring water, river and bathing beach quality up to EC standards.

Mr Henderson argued that in sette of adverse and damaging publicity in the run up to privatisation last year, the UK had never been the dirty man

Stuttgart's 'Europe of the regions'

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By David Goodhart in Bonn

economically flourishing West German state of Baden-Wuent-German state of Baden-Wuert-temberg, Mr Lothar Spacita, yesterday signed a special co-operation agreement between his state and Wales which will couple Wales to four of Europe's fastest grow-

ing regions.

Mr Spacth is an advocate of a "Escope of the regions" and has already signed similar co-operation deals with Rhons-Alpes in France, Catalonia in Spain and Lombardy in Italy, together known as the "four ilones."

"four ligers".

The "umbrella" agreement signed yesterday establishes a working group to meet manually and commits both regions to foster collaboration between companies and universities.
The Welsh Development
Agency has already presented
the names of six companies seeking joint ventures to the economic co-operation office in Stuttgart, the capital of Bad-

en-Wuerttemberg.

Initially Mr Spaeth had sought a deal with a more obviously "high-tech" region of the UK but thanks to some hand lobbeing he Mr Beter hard lobbying by Mr Peter Walker, former Minister for Wales, and the experience of Japanese and West German firms — most notably Stuttgart-based Bosch — Mr Spact decided to make Wales the

fifth tiger.
At the same time, the UK has decided to re-open a full-time Consulate-General office in Stuttgart. Head of the office, which was closed in 1985, will be Mr Roger Thomas

Drugs profits to be seized at UK ports of entry By Richard Donkin

PROPOSALS to give police and customs officers at ports and airports powers to seize sus-pected profits from drug traf-ficking were announced by Mr David Waddington, the UK Home Secretary, yesterday.

The move is designed to stop

the movement of cash in and out of the UK by drug launder-ers. Customs and Excise investigations officers have been worried about the "carrier bag trade in cash coming in and out of the country, which hitherto they have been power-

less to prevent.

The movement of cash in unrestricted since the abolition of exchange controls more than 10 yrs ago. The exploita-tion of this freedom of movement by drug traffickers is thought to have been on the increase since the Drug Traf-ficking Offences Act of 1986 enabled the authorities to seize and freeze suspected drug pro-ceeds concealed in the banking

Mr Waddington said: "The success of our Drug Trafficking Offences Act in encouraging financial institutions to alert the authorities to money laun-dering activities has forced more international traffickers to carry and deal in cash.

Clearly it should not be possible for professional traffickers freely to pass in and out of the UK carrying suitcases full

of money."

The new provisions, to be inserted in the Criminal Justice (International Co-operation) Bill currently before Par-liament, would allow police or customs officers to seize and hold amounts of £10,000 and more if they suspected the money could have been con-nected with drug trafficking. The legislation would also

give a magistrate the authority to order that the money be held for a period of up to three months. A magistrates court would be able to impose subse-quent 3-month holding orders up to a maximum of two years. Powers to detain suspected

drug money entering or leav-ing the country were originally proposed in a report on drug trafficking and related serious crime published by the Parlia-mentary Home Affairs Com-mittee in November 1989.

BR may set up telephone link By Michael Skapinker

BRITISH Rail is considering setting up its own telephone network or allowing an outside company to do so on its behalf.

BR has already allowed Mercury Communications to use some of the concrete troughs which run alongside railway lines to lay fibre optic cables and has Mercury public tele-phones in some of its stations. It has also agreed to allow telepoint companies to operate from stations.

The British Rail plans come in the wake of the launch of National Network, which will offer the Post Office's excess internal phone and computer lines to outside users.

Wales joins | Britain may opt for own green labels scheme

By John Hunt, Environment Correspondent

BRITAIN might introduce its own system of environmental labelling of goods in the shops next year if the European Community fails to agree a standardised scheme, Mr Chris Patten, the Environment Secretary,

The UK had been pressing for an EC system to be adopted following complaints that some:

following complaints that some manufacturers were making bogus claims that their goods were environment friendly.

Speaking to a business and environment conference organ; and Coopers and Lybrand Delottte, he advised the EC to "get its skates on."

"I think it is important for consumers that we have our own scheme whatever happens

own scheme whatever happens in the rest of Europe." Mr Patten also warned that British manufacturers were falling behind in the export of environmental control equip-ment and were in danger of losing markets to the West Germans and the Japanese.

He said there was an expand-ing world market currently estimated at over £100bn a year. The British market was £3bn with growth of around 9

World drugs

industry urged

to raise health

standards issue

THE pharmaceuticals industry needs to develop new advertis-

ing concepts to convey its mes-

ang concepts to convey as measage about raising health care standards to the public, Profesor Walter von Wartburg, a top executive at Ciba-Geigy, the Swiss drugs and chemical company, said yesterday.

Speaking on the second day of a Financial Times conference in London on world phar-

or a Financial Times conter-ence in London on world phar-maceuticals, Professor von Wartburg said the industry was operating in a rapidly changing environment where patients demanded a greater say in health care provision. The drugs industry in gen-eral would have to do more to explain how it operated to a

explain how it operated to a wider public and emphasise links listween new product introductions and data on rais-

ing life expectancy and other

Wartburg, would be increasingly to use celebrities, such as

associate themselves with new drugs and so convey the mes-sage about how specific indi-viduals could be helped by

In the US Ciba-Geigy had

invited a well-known football player to talk to the media about how he had been helped

hy one of Ciba-Geigy's medi-cines. This had generated use-ful publicity for the company

and Professor von Wartburg

CONFERENCE

WORLD

PHARMACEUTICALS

could also be appropriate in

Europe.
Dr Hans-Peter Sigg,
vice-president of Sandoz,
another Swiss drugs company,

said that pharmaceuticals was probably the most heavily reg-ulated industry of all major business sectors. Governments

had a large say in many coun-tries in setting prices and also in licensing drugs on safety

However, during the 1990s, there was good reason within Europe for freeing drugs companies from many of the rigid systems of price controls which currently existed. That would free the industry to

would free the industry to charge higher prices for many of its innovative new products

and underpin the future expan-sion of the industry.

In exchange for this freedom,
Dr Sigg said, the reimburse-ment systems by which gov-ernments paid for a large share

of pharmaceuticals consump

tion might need to be changed

As a way of ensuring that gov-ernments' bills for drugs did

not soar as a result of the higher prices, more patients

might need to contribute a

greater proportion of medi-cines' costs directly than is

now the case in many coun-

vice-president in the US divi-sion of Hoechst-Roussel, the

Franco German pharmaceuti-cals company, said the indus-

try faced new pressures in the US as a result of rocketing health care costs. The industry

would have to pay more atten-

tion to showing that it was pro

viding value for money.

tries, especially in Europe. Mr Gerald McMurtry,

health indicators. One idea, said Profes

per cent expected over the next 16 years. The western European mar-ket was estimated at £20kn and expected to increase to £30bn by the end of the decade. To the lest of our know-ledge the relative share of the

UK in the world market is in decline," he said,
... The UK had a good share in environmental consultancies, materials recovery and sewage treatment. But it was less strong in waste incineration and waste handling equipment. He said there were opportunities for new technologies and unicker compared. quicker commercial applica-

"The Government can help," he said. "But the main onus is on industry itself to respond to the opportunities that are there to be grasped."

Mr Patten called on industry to be more open about its environmental performance. He suggested that companies should not just carry out their own environmental audits. They should also produce pub-lic statements setting-out their environmental policies and

their record in meeting regula-tions.

A VIGOROUS defence of UK of Europe. "With West Gerwater industry standards in many, Denmark and Luxemcomparison with others in Europe, linked with a call for increasingly high quality levels to be based on scientific evibourg, the UK's water services are the best in Europe," he

The EC was struggling to develop a policy to underprint its environmental strategy, but there was a danger that some of the thinking was going in the wrong direction.

"One way or another we have to establish arrangements for assessing and pronouncing on standards which give the public and our customers con-fidence that they can rely on

what is being said."

Mr Michael Rouse, managing director of the Water Research Centre, supported the need for proper data in the areas of drinking water, river and sea water quality.

He said that current data
was simply not comparable
across the EC, and for the UK

and others to be seen in a proper light, this needed to be rectified. He hoped that the proposed European Environntal Agency would meet Mr Nigel Hawkins, water

industry analyst for Hoare Govett Investment Research, outlining the prospects for the 10 recently privatised water companies in England and Wales, said the combination of major debt write-offs, a gener-ons "green dowry" and benefi-

Call for standardised data on European water quality

Industry urged to function as a negotiating partner in the European Commission

CONFERENCE

EUROPEAN WATER

cial corporation tax treatment made institutional investment in water particularly attrac-

But the massive 10 year capi tal programme of over £24on gave rise to deep concern about potential price and time

Nevertheless, he thought the prospects for the companies over the next five years were "distinctly positive", and forecast that operational profits for all 10 would increase from around £1.1bn in 1989-90 to 22.4bn in 1994-95. Mr Christopher Timbrell,

director of Coopers & Lybrand Deloitte, speaking on the bal-ance between market forces and regulation in Europe, said the industry in England and Wales was the only one with 100 per cent private participa-

Unlike the majority of our European counterparts, they would be unable to look to public sector funding, and competition to be the most attrac-tive to the market would become increasingly fierce. He said the mix of public

and private sector involvement in water services varied consid-erably across Europe, with low private sector involvement in Belgium, Italy, Denmark, the Netherlands and Luxembourg, but considerable private sector input in the management and operation of water services in france, West Germany and

France, West Germany and Spain as well as the UK.
He assumed the UK companies would increasingly seek to diversify their business interests. "Well focused strategies, based on a good understanding of the market . . . will play a major part in achieving success in new newtweek." cess in new ventures. Not sur-prisingly, this focused, strategic approach has been at the core of the French companies' success in diversification."

Mr Rob Kreutz, co-ordinator of groundwater and environmental affairs at the Nether-lands Water Works Association (VEWIN) said the water indus-try faced many challenges, and if it missed the opportunities it risked losing the confidence of the consumer, and its position in many countries as a valued partner of national govern-

He thought the most important task was to develop a single voice that would allow the European water industry to function as a fully-fledged negotiating partner for the European Commission. It was also vital for it to develop into an environmental industry.

On the first day of the con-ference Lord Crickhowell, chairman of the National Rivers Authority, the industry's environmental regulator warned that the NRA intended to take an increasingly strict line against all polluters, and particularly against water com-panies that abstracted excessive amounts of water.

He said he regarded the NRA's responsibility for the control of resources and for reducing excessive abstrac-tions at least as important as the responsibility for reducing pollution.

"I have to tell the water industry and other abstractors that we believe it will be necessary for us to take a tough line and in some instances we will have to revoke existing abstraction licences," he said. He added that the NRA was

determined to introduce automatic and frequent sampling of significant discharges and of river water quality as a of the highest priority.

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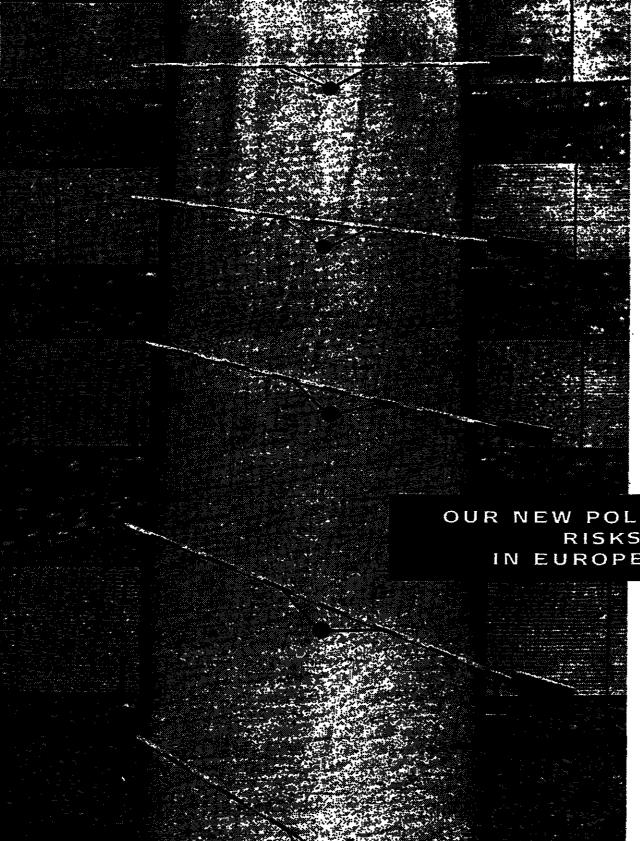
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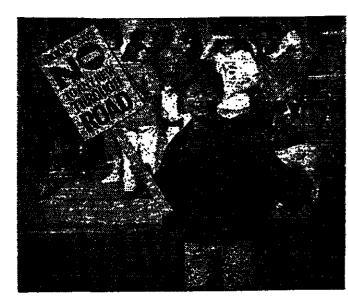
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TRADE INDEMNITY PLC

London abandons £2bn major road schemes





ent. The more modest alternative

set of road improvements will

cost about £250m - mainly involving improved round-

abouts and junctions. Mr Par-kinson said better traffic man-

agement must be a priority in London. Higher priority must be given to buses, cyclists, and prodestrients

An important element in the planned Red Routes scheme

will be the appointment of a Traffic Director for London

who will be responsible for

administering the routes and will have powers to act against

local authorities or others to

ensure compliance. Legislation will be needed to provide the

official with the necessary

ENVIRONMENTALISTS and local London pressure groups last night welcomed as a famous victory the Governbig road improvement schemes for London which would have cost £2hn and disrupted whole districts for up to 15 years dur-ing construction, writes Roy

Friends of the Barth called the decision "a significant vic-

tory."
The Government had faced sustained pressure over a series of road proposals during the 1980s. It grew and reached a crescendo last year after more detailed options were published and as the time for a Mr Cecil Parkinson, the

schemes and the designation of priority "Red Routes" for efficient movement of traffic, including buses. Rail system improvements are also being Mr Parkinson told the House

of Commons he had decided not to proceed with the big schemes - which had been recommended by consultants after studies lasting five years.
The abandoned projects are:

A tunnel from Chiswick to Wandsworth:

Transport Secretary, is inste

putting forward a more modest set of road improvement

• The western London environmental improvement route;
• Large schemes on the south circular road including tunnels under Clapham Common, Dul-

 New routes across Chipstead valley and along the Wandle valley;

● New roads at Norbury and A new route from Hollway Road to Kings Cross, and the

Archway scheme.
The decision to abandon the big projects, which have already cost \$10m in consultancy fees, was taken after the Government concluded that the major civil engineering works in Greater London dur-ing the construction period — and the permanent disruption caused to settled localities by the new routes - would not achieve the overall objective of improving London's environ-

The Traffic Director will operate outside the Department of Transport and will coordinate the measures need to make sure that the Red Route regulations are consist-ent throughout the Greater London transport system. Mr Parkinson said new rail

systems for London identified in the assessment studies were under active consideration. They are: the Central London rall study; the Chelsea-Hack-ney underground line; the East-West crossrall with British Rail; the Docklands light railway extension to Lewis-ham; the East London underground line extensions to Dalston in the north and East Dulwich in the south; and the Croydon light rail scheme.

Britain will invest £32m in European Space plan

THE ERFTISH Government is to invest £32m over the next 10 vears in a new European Space Agency programme. The investment is being targetted at satellite communications.

Meanwhile, Mr Douglas Hogg, Minister for Industry and Entreprise, said the Gov-ernment would not intervene to help the Juno Mission, the troubled British private manned space flight. He said it would not be a worthwhile use of the £150m available for Britain's space programme.

Jameel libel action settled

SETTLEMENT was announce in the High Court recently of a libel action brought by Abdul Latif Jameel Co Ltd, the Saudi Arabian car distributor, against the Financial Times. against the Financial Times.
The company complained that a report on Arab banking published in the paper on October 14 1985 implied that it had run into financial difficulties. The paper's solicitors said that the Financial Times had not intended to make such a suggestion and accepted that Abdul Latif Jameel Co Ltd had never been in financial

World Cup sponsor NATIONAL POWER, Britain's biggest electricity producer, is to spend \$2m on sponsoring commercial television coverage of this year's World Cup foot-ball. PowerGen, its rival, spon-sors ITV's weather forecasts.

Euro-degree stopped THE CRANFIELD School of Management, one of Britain's leading business schools, has axed its European management master of arts degree because of lack of financial support from Government and industry.

Rail plan stopped THE CORPORATION of London rejected the revised plan for the Docklands Light Railway to be tunnelled underneath the historic Mansion House, since it failed to include measures to protect the build-ing which does not have four-

Voucher payments to 'revolutionise attitudes' to training

PLANS for pilot training schemes with "the potential to revolutionise attitudes towards training" were unveiled by the

Government yesterday.
Training credits, with a probable individual value of £1,000, will be given to a selected number of young peo-ple presently eligible for Youth Training Schemes who will be able to cash them in return for

training.
Employers participating in the pilot schemes will no longer receive YTS subsidies and will pay a market wage. The Government believes demo-

Government believes demo-graphic changes, with a short-age of skilled workers, will encourage employers to take up the pilots.

Mr Michael Howard, Employ-ment Secretary, who launched the plans with Mr John Mac-Gregor, Education Secretary, said credits were not intended to replace the YTS. But he to replace the YTS. But he said: "We will be looking at the pilots to see what the lessons are and the prospects of taking credits forward."

The estimated 10 pilot schemes, lasting two years, will be administered by the new employer-led Training and Enterprise Councils (TECa), which later this year will take over responsibility for national training schemes. The Government wants local education authorities to supervise the

The pilots will be funded from planned provision for YTS and local education authority budgets, plus an extra £12m in 1991-92, rising to \$25m the following year. Sir Bryan Nicholson, chair-

man of the CBI's Vocational, Education and Training Task Force, welcomed the initiative. Mr Tony Blair, shadow Employment Secretary, ques-tioned what impact the scheme would have on Britain's overall

skills shortage. Mr Norman Willis, TUC general secretary, said he was glad to see the Government acting to pilot an idea that had won wide support in industry and

New energy HQ costs taxpayer extra £6.4m

COST overruns and delays in the preparation of the new London headquarters for the Department of Energy have cost the taxpayer 26.4m more than the predicted costs of the move, according to the National Audit Office.

The report, by the Parliamentary watchdog on public spending, lists a series of mixups over who was responding.

for verifying costs – the Gov-ernment's Property Services Agency, or the developers, Chesterfield Properties – and poor management generally on the part of the PSA.

The situation was exacer-bated by the Department of Energy falling to specify exactly what it wanted in its new headquarters, and subsetly changing its mind on For the PSA, the timing of the report is particularly unfor-

tunate. From next Monday, departments will no longer be tied to using the PSA for their accommodation needs.

Overall, the delays led to penalty costs of £2.6m and rent of £2.6m for the eight month period between notional completion of the developer's building works and occupation by the Department last August. The costs of the works which were being carried out by the developer under an agreement with the PSA, escalated from £5.7m (£30 per square foot) in 1986 to £15.6m (£84 per square foot) in 1989. The increase included the pen-alty costs, inflation (£2.3m), VAT (£1.4m) uncertain in the original estimate, and changes to the building (£2.6m). The NAO has identified four similar schemes with which the PSA is involved in the Lon-

GUINNESS TRIAL

Jury told of dispute over need for disclosure in code

AT the time of the Guinness takeover of Distillers in 1986, eminent City of London practi-tioners differed from the takeover panel in their view of the requirements of the City code on takeovers and mergers, the Guinness trial heard yesterday. The difference was over whether the code required disclosure to the panel of indem-nities against loss offered to those who supported the share price of a company involved in a takeover, the jury at South-wark Crown Court was told. Mr Ernest Saunders, former

group, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier, have denied charges arising from an allegedly unlawful share support operation mounted by Guinness during its battle for Distillers.

and paying success fees, to those who bought Guinness shares to support the share

The operation involved offer-ing indemnities against loss,

Mr Kruest Saunders, former A prosecution witness, Mr chairman and chief executive Peter Fraser, deputy director

since 1973, said that one of the vices at which the panel's rules on disclosure of share purchases was aimed, was the pre-vention of the creation of a distorting false market in shares. He said that stockbrokers and merchant banks had a duty to ensure their clients were aware of the obligation to disclose share purchases by an

associate of a company involved in a takeover.

Cross-cramined by Mr Colin Nicholls, QC, for Mr Parnes, Mr Fraser agreed that at the time of the Distillers takeover,

the code to indemnities. He said that indemnities had not been precluded by the code; they had been treated as dealings which had to be disclosed Had the panel thought that there must have been "a view abroad" that indemnities did

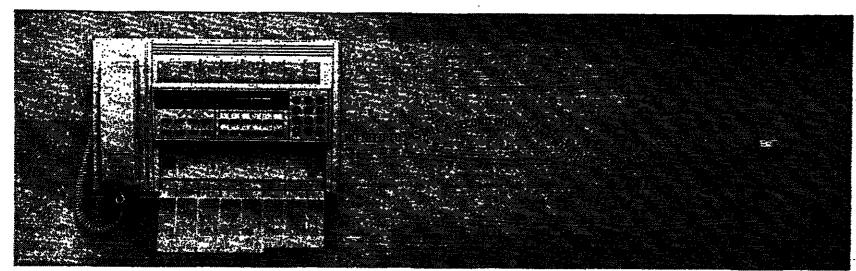
Mr Fraser replied that the panel was at a loss to under-stand how it could have been thought that disclosure was not required. Also the panel had deplored the failure of the

not have to be disclosed? asked

The highly reputable advis-ers had been out of step with the panel? asked Mr Nicholls. Yes, replied Mr Fraser. Mr Nicholls referred to a

hackground paper produced by the panel executive which had referred to a tendency not to consult the panel in "grey cases." Had it been the panel's experience that cases it had thought were grey or doubtful had not been so regarded by practitioners? he asked. That must have been so or occasions, Mr Fraser said.

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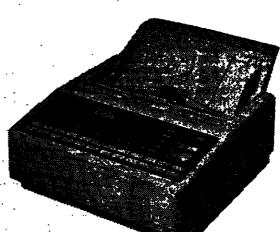
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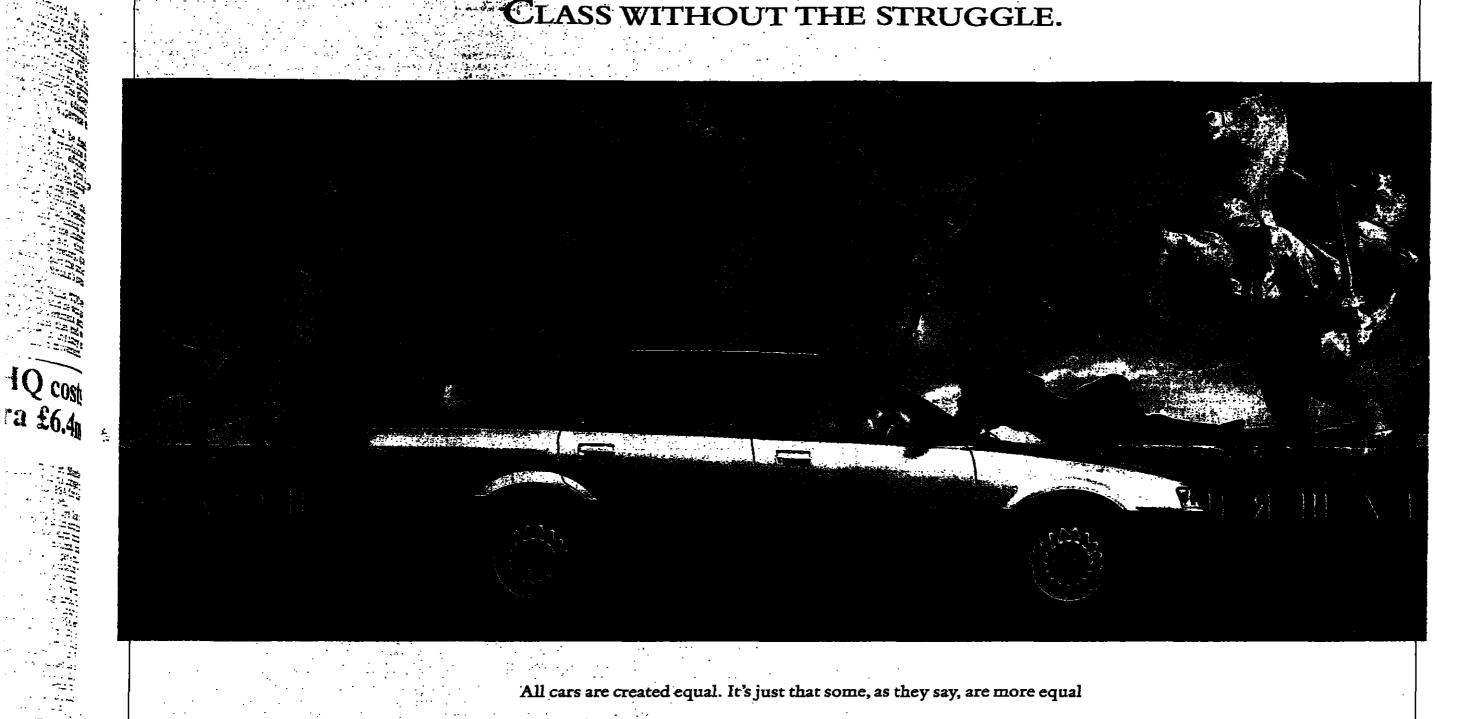
5TH JUNE 1990

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FINANCIALTIMES



All cars are created equal. It's just that some, as they say, are more equal than others. None more so than the new Rover 400 Series, with its fuel-injected 16 valve aluminium engines.

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FT LAW REPORTS

SWEDEN

The Financial Times proposes to publish this survey

4th July 1990

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FINANCIAL TIMES

Reinsurance indemnity claim is stayed for arbitration HAYTER V NELSON

Queen's Bench Division (Commercial Court):

Mr Justice Saville:

March 22 1990

REINSURERS who agree to

"follow the fortunes" of the reinsured may dispute

whether they are bound to

indemnify him against adjudged liability, in that the meaning of the phrase is undefined by authority; and according

ingly, where the reinsurance

igreement contains an arbitra-

tion clause, the court will stay indemnity proceedings by the reinsured, on the ground that

there is a dispute in the matter

which the parties have agreed to refer to arbitration.

Mr Justice Saville so held

when staying proceedings for summary judgment brought by the defendant reinsured, Mr E.E. Nelson, against reinsurer, Home Insurance Co, third party in an action by plaintiff Lloyd's underwriter, Mr J.W.

Hayter. HIS LORDSHIP said that the

reinsured sought summary judgment against the rein-surer. The latter sought a stay

of proceedings under section 1 of the Arbitration Act 1975.

for indemnity in respect of sums they had been ordered to pay to Lloyd's underwriters by

arbitration award and court

The reinsured's claim was

reinsurance treaty. The indemnity claim was based on a whole portfolio retrocession treaty by which the reinsurers agreed with the reinsured to accept by retrocession 100 per cent of the portfo-

lio reinsurance treaty. The retrocession treaty incorporated the reinsurance treaty and provided that the reinsurer should "in all circumstances follow the fortunes" of the reinsured in respect of the reinsurance

The arbitration clause in the retrocession treaty provided "any difference arising out of this agreement which cannot be settled amicably, shall be referred to arbitration."

The arbitration agreement was a non-domestic agreement, and thus one to which section I(i) of the Arbitration Act 1975

Section 1(1) provided that if a party to an arbitration agree-ment began court proceedings "in respect of any matter agreed to be referred," any party might apply to the court for a stay; and the court, "unless satisfied . . that there is not in fact any dispute between the parties with regard to the matter agreed to be referred, shall make an order staying the proceedings." If the conditions of the sub-section were met, the court must stay the proceedings. It

ers were held entitled to had no discretion.
recover under a whole portfolio On the application for a stay pleman said: There is a dis-pute until the defendant the two issues were whether the reinsured had begun legal admits that the sum is due and payable." proceedings "in respect of any matter agreed to be referred;" and whether the court was satisfied that there was "not in fact any dispute between the

parties with regard to the matter to be referred." The reinsured's claim depended on rights under the retrocession treaty. The reinsurers accepted the validity of the treaty, but did not agree that the rights and obligations under it were as asserted by

The question was whether there were "differences" between the parties relating to those contentions. The court assumed for present purposes that "differences" in an arbitration clause and "disputes,"

bore the same meaning.
In some cases it was suggested that if a claim was indisputable, in that it could not be resisted on the facts or the law, there was no dispute or difference within the meaning of the arbitration claus (see Ellis v Wates [1978] 1 Lloyd's Rep 33,37). To treat "disputes" or "dif-

ferences" in the context of an ordinary arbitration clause as bearing such a meaning, led to absurdity, and involved giving them a meaning which, in con-text, was difficult to support. In Ellerstie v Kiinger [1982] I WLR 1375, Lord Justice Tem-

ily and immediately demon-strated beyond doubt that one party was right and the other

The fact that it could be easwrong, did not mean that the dispute did not exist. The ordinary meaning of "disputes" or 'difference" should be applied in arbitration clauses.

It was sometimes suggested that since arbitrations pro-vided great scope for a defendant to delay paying sums due, the courts should construe the words to exclude such cases. There were at least three answers to that suggestion.

First, it assumed that arbitrations were necessarily slow processes. That could not be accepted as a general or universal truth. Arbitrators had ways and means of proceeding as quickly as the courts. Second, by their arbitration clause the parties had made an

agreement that in place of the courts, their disputes should be resolved by a private tribunal. Third, if the courts were to decide whether or not a claim was "disputable," they were doing precisely what the par-ties had agreed should be done by the private tribunal. There was no good reason why courts should strive to take matters

out of the tribunal's hands. The present proceedings were in respect of a "matter agreed to be referred" within

the meaning of section 1(1). A "difference" existed between them in respect of their rights and obligations arising out of the agreement to which the

arbitration clause referred. Mr Edelman for the reinsured submitted that there was not any "dispute" with regard "the matter to be referred" within section 1(1), because the reinsured's claims were indis-putable as a matter of fact and law. They had been adjudged liable to the underwriters after contested hearings.

That reasoning involved reading "there is not in fact any dispute..." as confining "dispute" to disputable matters. The phrase "or that there is not in fact any dis-pute..." resulted from a recommendation by the MacKinnon Committee (Cmd 2817), that the court should stay the action if satisfied that there was a "real" dispute to be

determined by arbitration.

The words on their face appeared to indicate that there could be a "matter agreed to be referred" though there was no

That apparent absurdity could only be resolved by treating "dispute" in the context of the Act as meaning something different from the word as used in ordinary arbitration clauses, so that reading the phrase as a whole, "there is not in fact any dispute," meant "there is not in fact anything disputable." That reading alone fitted

with the Committee's recom-mendation and the fact that it was the identified problem which Parliament intended to

When considering an application for summary judgment, a factor to be taken into account was the existence of an arbitration agreement (see Home Insurance v Mentor [1989] 3 All ER 74 per Lord Jus-

So only in the simplest and clearest cases, that is where it was readily and immediately demonstrable that the respondent had no good grounds at all for disputing the claim, should that party be deprived of his contractual right to arbi-

The question was whether it was readily and immediately demonstrable in the present case that the reinsurers had no good grounds at all for disput-ing the claim.

That could only be the case

if the reinsurers were not allowed to go behind the judg-ment and the award.

There was no express provision in the retrocession treaty that retrocessionaires would be bound by judgments given or awards made against the rein-

Mr Edelman submitted that such an agreement was implicit in the promise in all circumstances to follow the fortunes" of the reinsured.

The difficulty he faced was twofold. First, there was no authority on the meaning of a "follow the fortunes" clause, though the use of such clauses was commonplace in the reinsurance and retrocession busi-

Second, it was clear from text book writers that there was considerable uncertainty, not to say confusion, as to

what was meant by "follow the

fortunes." Those versed in the business were as well or better able than the court to judge what the parties meant. The court was not so sure that Mr Edel man was right in his suggested construction of the "follow the fortunes" clause that it was satisfied there was "not in fact any dispute . . . with regard to the matter agreed . . . to be

referred." Not only was the meaning of the clause open to doubt, but also a tribunal of the kind agreed in the arbitration clause was in a far better position than the court to judge whether the reinsurers undertook to be bound by judgments or awards against the rein-

Accordingly, the proceedings were stayed under section 1(i) and the application for summary judgment must fail.

For the reinsured: Colin Edelman (Bray Walker).
For the reinsurers: Jeffrey Gru-

der (Richards Butler). Rachel Davies えんべんとう これをあるとう これを

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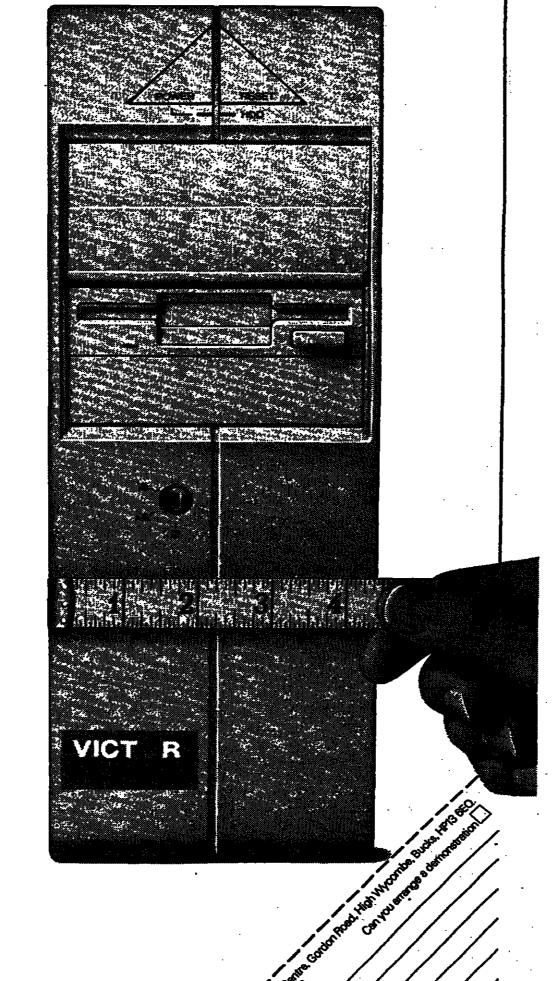
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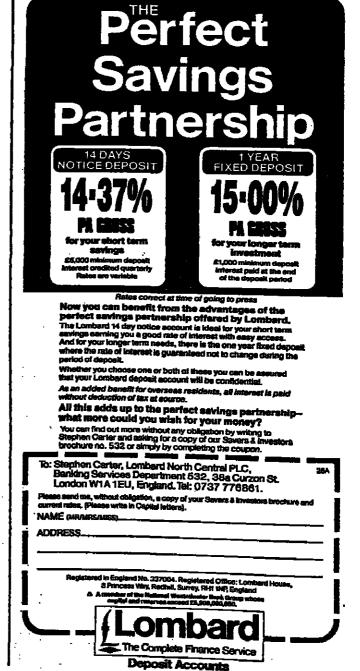


EUROPE IN 1994 Opening to the East

Meeting on Europe in 1994 on 12th April at Institute of Directors, Pall Mall, London, with experts from West Germany (IFO), East Germany (Institute of Applied Economic Research), France (BIPE), Italy (Prometeia) and the UK (Cambridge Econometrics).

- The Opening of Eastern Europe Wolfgang Gerstenberger
- Restructuring the East German Economy Gerhard Köhler
- The Business Services Revolution in Europe Terry Barker
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- Jean-Marie Poutrel
- Household Consumption Trends in Europe Angelo Tantazzi

Contact Lynda Edwards, Cambridge Econometrics, 21 St Andrew's Street, Cambridge CB2 3AX, tel. 0223 460760, fax 0223 464378. Ask her to fax you the agenda (cost of meeting £40 + VAT) and to send you details on the new economic report on European industry (37 sectors).



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MANAGEMENT

Even in unsettled countries, joint ventures have a chance of success. John Thornhill and Robin Pauley report from Lithuania and China

Ithough joint ven-tures in the Soviet Union promise much for Western compaules, all too often they produce little in the way of material reward and still less in terms of hard-currency profits.

It can take years to negotiate trade terms with obdurate bureaucrats and any hard-won benefits can be swept away overnight by seemingly arbitrary legislation or endangered by political turnoil.

Despite the glamour of glas-nost, perestroika still entails considerable perils and the record of establishing and running joint ventures is not good. Since January 1987 more than 1,000 joint ventures have been set up, mostly in the service or distribution industries, but because of various difficulties it has been estimated that only about 40 of these are working

effectively.

Marvel then at the achievement of Clearmark Group, a small UK leisure company with no previous experience in dealing with the Soviet Union, which has just succeeded in setting up a joint venture in Lithuania to make plastic footballs. The plant is already up and running and manufactur-ing footballs of good quality. Clearmark plans to produce 2m footballs this year and is lining

up exports to Poland. Perhaps the most remarkable aspect of the deal is the speed with which it was completed. From the first meeting to production of the first football took less than nine months and the company is convinced that with sufficient determination even the most daunting of obstacles can be

Troublesome cracks have appeared in most foreign joint ventures in China during the past year. Pilkington's glass-making project has been the exception; it has floated smoothly to maximum production and full order

The project had an unstable start; sited on the banks of the Huangpu River in the Pudong district of Shanghai, the complicated plant and furnace structure kept sinking into the mud. Nevertheless, produc-tion started only three months late

By March 1989 the target output of 5,000 tons a week of float glass of the highest quality was reached together with a full export order book. An estimated \$30m of foreign exchange income was generated in 1989. "This means we can repay about Yuan 80m of loans and keep a small foreign exchange surplus," says Zhang San Fu, the acting gen-

Teaming up to score from perestroika overcome and that the Soviet admits that he had never previously heard of, let alone vismarket of 280m people is there

to be exploited. Clearmark Group, formerly known as Fergabrook, had experienced a troubled trading history since joining the Unlisted Securities Market in 1984, but first started looking at overseas manufacturing opportunities in 1988 after it was the subject of a reverse takeover by Harrison's Harles-

The enlarged company. which included the Wembley and Frido brand names, manufactured about 12m footballs a vear - accounting for over three-quarters of the UK mar-

Expansion overseas seemed a sensible way of using some of its surplus manufacturing equipment which was lan-guishing in storage.

Clearmark's executives trawled the world looking for market opportunities. At various stages they considered setting up joint ventures in Turkey, Egypt, Australia, Thalland and China. But at the Earls Court Toy Fair at the beginning of 1989 they came across a businessman who had contacts in the Soviet Union.

He put them in touch with a contact who knew an enterprise in Lithuania, called Ner-inga, which was interested in forming joint ventures. So in April last year Neville Sykes, managing director of the Frido football-making subsidiary, arranged a meeting and flew

Sykes was somewhat dismayed at the primitiveness of Neringa's factories - like many Soviet enterprises it manufactured a hotch-potch of products ranging from jerry cans and polyethylene packaging, toys, dolls to model cars but he was immediately bowled over by the enthusiasm of the management and the fervent desire to conclude a deal.

Algimantas Matulevicius, Neringa's irrepressible 42-yearold manager, says that his negotiating hand had been freed by clearing things in advance with the relevant bureaucracy. "Before the peo-ple from England came out we had already decided how far we could take the talks. This as issues could be sorted out without reference to a Minis-Talks between the two sides

continued through the summer. In June, Neringa's senior management visited the UK and hammered out a protocol agreement on co-operation. Then, in September, a team of six from Clearmark travelled to Lithuania to settle the final

After landing, they travelled for 14 hours crammed into a minibus and began three days of intense and, at times, strained negotiations which culminated in the conclusion of the joint venture agreement. The talks were, however,



Richard King (left) and Algima

dogged with difficulties over understanding the other's point of view which led to several tense exchanges. "Their whole way of life is so different. They do not operate under the same commercial pressures as we do," explains Richard King, Clearmark's chairman. "They put great emphasis on hospitality and protocol. We wanted to sit down and talk; they wanted to take us on a 50-mile trip to see a cathedral."

only from cultural differences but also from conceptual confusions. Fervent discussions were held over the concepts of profits, credit, capital employed and cash flow before any agreement could be sorted out. But King says that through a mixture of Clearmark's determination and Neringa's enthusiasm these difficulties were overcome. It was agreed that the new venture, called Wembley-Ner-

inga, was to be run by a board

The board would meet four times a year alternating between Lithuania and the UK The joint venture planned to manufacture 2m footballs in 1990, half of which would be sold within the Soviet Union, the rest in Western markets to bring in hard currency earnings for both partners. Profits would be divided equally.

Once the negotiations were complete, Clearmark drew up a critical path analysis listing everything needed to begin manufacturing. King says the company knew that it could not rely on obtaining what it wanted in Lithuania. "So we ensured that we took along everything and more to make certain that we did not get hung up on the availability of

a Philips screw."

The equipment, which was being stored in Northampton, was shipped out at the end of October accompanied by a team of eight Clearmark employees. The plant was set up by the end of December and on January 4 the first football was inflated on the production

Nearly all the raw materials were sourced from within the Soviet Union – only the valves for the footballs were imported. King accepts that it takes considerable effort to ensure the continuity of supplies. "They do not have a just-in-

time mentality. You cannot pick up the phone and get your nuts and bolts through a norwould expect in the West. It takes more planning but that is one of the areas where our expertise comes into play."

Three Clearmark managers are currently stationed in Vilnius supervising the produc-tion process. One looks after the day shift; one covers the night shift; and the other helps supervise the marketing and distribution arrangements

Sykes also spends about half his time at the plant dealing with any emergencies. But it is hoped that by the end of this year, the plant will be entirely self-managing and will need little day-to-day operational help from Clearmark.

For Clearmark, the joint venture represents an outlay of only about £250,000, but it has involved considerable expenditure in terms of time and effort. Although the company is sober about its immediate prospects, it insists that the venture makes bard-headed commercial sense. "We are at a very early stage and we shall develop this project on a long-term conservative basis. We want to develop the Wem-bley name in the Soviet Union and get a foothold in the market." King says.

But it is obvious when talking to Matnlevicius that for him the venture represents far more than just a business proposition; it outlines a model for the future economic development of the region.

Western management theories and techniques are now gradually being infused into

the new venture. Teams of Lithuanian workers have come to the UK to learn improved production practices. A rudimentary computer system has been installed to help sort out stock control and basic administrative tasks and Neringa's employees are being trained in

Matulevicius has also shaken up the company's management, simplifying its structure and cutting the number. Previously there were 250 administrative staff; now there are 205 - about 20 have left and 30 have moved into manu-

facturing jobs. His latent capitalist hormones now seem to be exerting their influence and he talks eagerly about expanding the enterprise by taking on new manufacturing projects. Ner-inga is trying to develop direct trading relationships with enterprises throughout the Soviet Union without recourse

to the bureaucratic centre. Matulevicius perhaps represents a new breed of businessman; a quick-witted, energetic economics graduate, he is eager to learn about Western ement techniques.

But he realises that the development of enterprises such as Neringa will owe much to the general political and economic development in Lithuania, a process in which he plays a not inconsiderable part. But despite the current dis-pute over Lithuania's secession from the Soviet Union, Matulevicius believes that trading ties will be maintained. "The economy of the republics is integrated and it would not be sensible to break these links,

Pilkington's people on site in China. "By last April there was only Briton left - the general manager - and he has now returned to England." says Zhang

he says.

The venture has direct competition from Guandong Float Glass Company, a joint venture with PPG Industries of the US, which is based in the special economic zone of Shenzhen, just across the border from Hong Kong.

"Luckily, our quality and range of glass has been better than our com-petitors so far and we have to try to maintain that. We are also thinking of moving into glass processing to make mirrors and other such prod-ucts. We have to keep ahead because soon there will be much more competition. Indonesia, Thai-land and Korea could all be serious competitors. We are on top. We must stay there," says Zhang.

concessions on quality control in Shanghai

The float glass plant is a joint venture between four parties: Pilk-ington of the UK and Austrianbased United Development Indus-try, the Bank of China; the Shang-hai Yaohua General Glass Plant; and the State General Company of Building Materials. The Pilkington-UDI investment was Renminbi 41.3m (£5.4m) in sterling, representing a 25 per cent stake. The Bank of China's investment was in US dollars, the other two stakes in local

Soon after the factory got into full swing China introduced its swingeing economic austerity programme to try to secure a rapid cooling down of demand and to curb spiralling inflation. The effects were dramatic for both domestic and joint

venture industries. Construction work halted all over China; all the joint venture car manufacturers, including GM, Peugeot and Volkswagen, halted production temporarily at different times as demand collapsed and stocks of unsold cars mounted up.
"We were affected very badly in

the domestic side of our markets as we supplied laminated glass for windscreens to Peugeot, Volkswaken and Beijing Jeep and large amounts of glass to housing, office and hotel projects. We had to change quickly," says Zhang, point-ing to a production line which used to make glass for Volkswaken-Shanghai but, because the car pro-duction line had haited, was making a different type and thickness of glass for Japanese photocopying

"In 1988 we made only 18,000 tonnes of glass for export - about 15 per cent of total production. When the austerity programme started towards the end of 1988 we concentrated hard on overseas sales, seeing the domestic problems which would arise. More than 50 per cent of production is now exported." Switching product and markets was easier than dealing with another aspect of the austerity programme: the credit squeeze. The Bank of China raised substantially the interest rate on its loan, only to modify it because it was one of the

joint venture partners. Similarly the

Construction Bank more than dou-bled its original interest rate,

though the venture's management is taking a stand normal for west-

istic for the Chinese. "We are resist-ing. They must stick to what was negotiated. This sort of thing seriously affects our reinvestment plans and our financial projections. As a result of the financial situation the directors proposed no dividend for 1989 but the directors do want to make a dividend payment in 1990,"

says Zhang.

The key to the project's success has been insistence from the outset on management by management and rigorous quality control, an alien concept to most Chinese factories and their workforces. No concessions were made for the domestic market; if it wanted the highest quality glass it had to pay a high

The glass had to be at least the

land and their distribution of the contract of

same quality as that produced by Pilkington's British plant at St. Helen's, in Lancashire. Glass with the smallest flaw is scrapped and workers have been forced to take responsibility for ensuring that their own part of the production chain operates at the highest effi-ciency. "This is a newer and therefore more modern plant than Pilk-ingtons in the UK. So we must do at least as well as them. We monitor individual and management performance. There is a bonus system to reward workers for extra work and for high quality standards. We have very strict discipline. If it is violated the worker is either punished or

sacked," says Zhang.

More than 100 people were sent to
St. Helens for training and in the beginning there were more than 60

Robin Pauley

Friday, 23 March

Monday, 26 March

Monday, 26 March

Friday, 30 March

Friday, 30 March

Wednesday, 18 April

Wednesday, 18 April

Thursday, 19 April

Thursday, 19 April

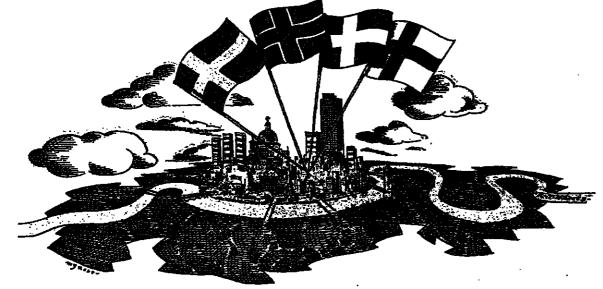
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FINANCIAL TIMES

Simmer and Jack Mines. Limited

Salient dates of rights issue

The Johannesburg Stock Exchange ("the JSE") has granted a listing of the renounceable (nil paid) latters of allocation and of the ordinary shares of 2 cents each ("the ordinary shares") which will result from the rights issue of 13 162 500 ordinary shares at 225 cents per share on the basis of 195 new ordinary shares for every 100 existing ordinary shares held on 23 Merch 1990. An application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the ISE") to admit to the Official List the new ordinary shares to be issued in terms of the rights offer. Simmers will therefore proceed with the rights issue to raise R29 615 625.

ming application is granted for listing on the ISE the Important dates relating to the rights issue are:

Last day for Simmers shareholders to register for the rights issue Existing ordinary shares listed ex rights on both the JSE and the ISE

Posting of renounceable (nil paid) letters of allocation and rights lesue circular in Johannesburg and London Rights Issue opens at 09h30 in Johannesburg and at 09h00 in London Last day for dealing in renounceable (nil paid) letters of allocation on the JSE

Last day for splitting renounceable (nil paid) letters of allocation in Last day for splitting renound in Johannesburg by 14h30

Listing of new ordinary shares commences on the JSE Last day for dealing in renounceable (nil paid) letters of allocation on the ISE Rights issue closes - last day for payment to be made by 14h30

Dealings commence in new ordinary shares (fully paid) on the

New ordinary share certificates posted by

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Monday, 30 April A copy of the rights issue circular including the renounceable (nil paid) letter of allocation, which are to Simmers shareholders on Friday, 30 March 1990, will be available for inspection at the offices of n, which are to be posted , 1. Simmers at 5th Floor, Gwen Lane, Southern Life Gardens, 3 Gwen Lane, Sandown, Sandton;

2. Barclays Registrare Limited at 6 Greencoat Place, London SW1P 1PL:

3. DMB Securities Limited at 3rd Floor, 72 Grayston Drive, Sendown, Sendion:

4. Frankel, Kruger, Vinderine Inc. at 4th Floor, The Johannesburg Stock Exchange, Diagonal Street, Johannesburg; FIND International Limited, Suite 37 - 41, Warmford Court, 29 Throgmorton Str., London, EC2N 2AT;
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slips it into a plastic bag, reject the bag on environmental grounds. You may be told you have no choice. Then be prepared for a lecture on security procedures in the retail sector.

More enlightened retailers are becoming aware of the growing con-sumer resistance to overpacking and are cutting down on unnecessary plastics. "It's quite clear that consumers are now almost more aware of the packaging than the product," says John Elkington, environment consul-tant and co-author of the Green Con-

Safeway, the supermarket chain, has introduced recycling bins for its shopping bags. Other chains charge for the bags to encourage re-use. Some organisations, such as the UK's National Trust, distribute magazines to members in plastic post bags labelled "biodegradable".

Packagers are under pressure on two fronts. First from consumers who are beginning to resist goods they view as over-packaged. Second, legishation forcing a change in the way many products are packed. The laws are in response to litter problems, diminishing landfill sites and the high cost and possible dangers of domestic

waste incineration.

Some European countries and US states have passed laws that control the types of products, especially plastics, used in packaging. The Rallans will ban some plastic bags by next year. The Danes are thinking of bandard. ning all plastic packaging and already insist that beer be sold in returnable containers.

The EC is pushing through Europe-an-wide directives which will have far-reaching effects on packaging. For example, the wording of the 1985 directive on beverage containers is being strengthened to get more cans and bottles recycled. The new draft will be put to the environment council in June, and businesses expect tough targets. The EC may insist that up to 70 per cent of the containers be recycled — either burned as energy or to make similar plastic products. The UK Government has called on

local authorities to recycle half of all its recyclable waste by the end of the century. Plastics account for nearly 40 per cent of the packaging used in the UK. In the US plastics make up to a third of the volume of waste dumped. Most plastics can remain in the envi-

The solution to the problem of domestic plastic waste is unclear. Environmentalists first argued for the use of degradable plastics that would rot in landfills. But they soon discovered technical problems with this solution and now champion recycling, although experts warn that this too

could be dangerous.
Industry, especially the food sector,
is confused because decisions on
packaging are fundamental to the pre-

Peter Knight reports on the efforts of chemical companies to develop biodegradable materials with the durability of plastic

A package deal for consumer products

Mineral water and fizzy-drink bottles

too long for microbes to break down. These chains give plastic its unique qualities and make it ideal for packing sensitive products, such as pharmaceuticals and foods.

In the 1970s researchers produced emi-degradable plastics by introduc-

ing starch at regular intervals in the polymer chain. When buried, micro-

organisms feed on the starch and the

plastic disintegrates into smaller

pieces. This sort of plastic, often used as shopping, post and rubbish bags, is more correctly termed blo-destructi-ble. It is not fully biodegradable because it fails to break down entirely

into carbon and water.

Bio-destructible plastics take much

its products. "The pace of change has been so fast it's caught us on the hop," says David Bonney, general manager in charge of biscuit marketing at United Biscu

His company used to wrap its bis-cuits in paper. About 15 years ago it changed to polythene. Now it uses aluminium coated plastic, a material which is not easily recyclable or re-usable. "There is a certain ambivalence among consumers. They want convenience foods but they also want the product to be environment friendly,"

says Bonney.

Part of the reason for this ambiva-lence is confusion about plastics and the multitude of materials lumped under the tag. Thermoplastics, which include a number of packaging plas-

include a number of packaging plas-tics (see diagram), have become part of our way of life because of their light and long-lasting properties. Although thermoplastics are recy-clable, packaging is often made from a mixture of several types. This makes recycling difficult and often impractical. A bottle made from poly-strylone taraphthalate (PET), for ethylene terephthalate (PET), for example, is inexpensive to make and so light in weight that it is cheaper to transport than, say, an equivalent glass bottle. Like glass, PET can be recycled as long as a collection sys-

tem is set up.

The industry argues that the recycling of most domestic plastic waste is unecosomic because the cost of raw materials is much lower than recycled. stock. Supermarkets such as Tesco and the Coop in the UK have begun labelling different types of plastics to help customers identify the materials for recycling. In France, for example, PET mineral water bottles are collected in bottle banks. Similar schemes have just begun in some parts of the UK.

But the amount of domestic plastic recycled in the EC is minimal. "It is not economically viable to recycle the plastics you find in your rubbish bin," says Colin Williamson of the Cookson Group. His company recycles plastics collected from industry, such as carbattery containers, to make objects

such as water tanks. A logical, but as yet unrealistic, alternative to the everlasting properties of plastic waste is to use an equivalent that is designed to rot. Most plastic is made mainly from oil. Hydrocarbon molecules, called poly-mers, are repeated in chains that are Common recyclable packaging plastics



longer to break down if left as litter. One of the solutions to this problem is to make the polymer chains sensitive to ultra-violet light. Photo-sensitive plastic breaks down into smaller pieces if left in sunlight but the pro-cess will not work effectively if the product is buried. These plastics are up to 15 per cent more expensive than the conventional equivalents but are favoured by some companies to trum-

Friends of the Earth, the environ-ment lobby group, says bio-destructias ground-water pollution and unwanted gas generation. The group's US counterpart has joined with five other environmental organisations in calling for a nationwide boycott of all degradable plastics.

This attitude suits those in the plas-

tics recycling business. Williamson says bio-destructible plastics pose a threat to his business because their accidental inclusion in the recycling process could ruin the quality of his product. "Sheeting sold to a builder

for damp roofing could run into holes in a few years if there is starch in the plastic," he warns.

But chemical companies are working hard to produce fully biodegradable packaging that retains the characteristics. acteristics of plastic. ICI of the UK hopes to introduce such a product within the next two to five years. It is based on a material formed by bacterial action and will be decomposed by

natural enzymes in soil. Warner-Lambert, the US healthcare company, says it has produced a bio-degradable plastic from starch. The material, called Novon, has many of the characteristics of petroleum-based plastics and could be used for disposable cups and plates now made from

In Vienna, Biologische Verpackmgssysteme produces a starch-based acking material suitable for salvers, trays, cups, dishes, boxes and egg-boxes. It is claimed to be fully biodegradable. Similar products are avail-

gradable. Similar products are available from a number of companies working in this field.

Batelle, the international technology consultancy, says its Frankfurt laboratory has produced a starch-based blodegradable material suitable for transparent "blister-packs" used to package a wide range of consumer goods including batteries and toys. It will degrade into carbon dioxide and water when it comes into prolonged contact with water or moist soil.

Meanwhile Batelle is also seeking

patents for plastics made from vegeta-ble oils. The oil's fatty acids are linked to produce plastic-type poly-mers. This plastic should, it says, pose no threat to the environment and by-products could be used to reduce fer-tilless consumption on farms from tiliser consumption on farms. The price will be similar to current petro-

Dr Rainer Frische of Batelle says fully-biodegradable plastics will find a sizable market, and that industry and agriculture will be the first to benefit. But he warns against the recycling of domestic plastic. "It is dangerous to recycle these plastics because they can absorb hazardous substances and these will be a danger to people work-

Frische recommends recycling industrial plastics where the contents are known, using biodegradable plas-tics in suitable areas and incinerating domestic waste at high temperatures He also sees scope for hydro-cracking or pyrolysis – using extremely high temperatures to reduce plastics to their raw materials.

Another solution could come from the Japanese. They are developing an edible plastic designed to coat food and then be cooked with it.

Vickers drives off ' with Cosworth

motive engineering came closer together yesterday when Vickers, the arent company of Rolls-Royce Motors, the luxury car maker, bought Cosworth Engineering, the high-performance engine consultancy and manufac-turer, from Carlton Communications, the digital processing

and engineering company. Cosworth is a high octane company in the world of internal combustion engines. Its engines power half the For-mula One grand prix racing cars – a Cosworth powered Tyrrell Ford came second in

ford has sought to exploit this racing pedigree with its use of Cosworth engines in the Ford Sierra. Cosworth technology has also been called on by Mercedes Benz and Opel, the German part of General Motors. Other car manufacturers, including Jaguar, have used Cosworth to make specialised parts of engines, such as

precision castings. So why did Vickers buy Cosworth? Mike Dunn, director of engineering at Rolls-Royce (which also owns Bentley) and the chairman designate of Cosworth, said yesterday: "It does not mean that you are going to see a fleet of Bentley-Cosworth cars. The purchase was not designed to fill any gaps in Rolls-Royce capability. Cosworth is to operate as a sepa-rate core business within Vick-

Richard Bulman, managing director of Cosworth, said the company combines the design and manufacture of high-performance engines using an alloy casting process and an in-house designed machining

The casting process enables Cosworth to make low-pressure, high-precision castings using sand impregnated with zircon. "The accuracy of the cast dimensions saves machining time and produces castings with greater integrity than conventional casting pro-cesses, which eliminates weak-

ness and porosity in the cast-ing," says Bulman. Bringing Cosworth under the ownership of Vickers gives the engine company the oppor-tunity to seek business with any car manufacturer, since it will not be tied to a single company. The connection with much bigger world market to go for," Bulman said.

Specialised companies designing internal combustion engines face increasingly contradictory requirements, including designing high-performance engines while governments are seeking tighter control of exhaust emissions and higher fuel efficiency.

Dunn said: "If you have a genuine high-performance engine you should also have efficient combustion and low emissions, but everything about the engine has to be right. If everything is not, such as a high temperature peak in the engine cycle, this can increase the emission of nitrogen oxides. There is no let out for high performance ion and fuel efficiency stan-

Cosworth has competition from other specialist internal combustion engine designers and manufacturers, including Ricardo Engineering of Shore-ham by Sea, Sussex, which is puter techniques such as com-putational fluid dynamics to of Ricardo said that a prime concern in engine design is the combustion, all of a hydrocarbon fuel would be converted to water and carbon dioxide.

Engine companies are also searching for ways of making engines more "driveable". This neans making sure the engine is able to offer a smooth, continuously increasing power output as the engine revolutions increase. The search for driveability involves studying variations in the combustion cycles and assessing the degree of variability.

Rolls-Royce aims to produce cars and engines that last for 50 years, according to Dunn. Cosworth, on the other hand, is producing some grand prix racing engines that may last only 50 hours.

But these requirements may not be as conflicting as they appear. Rolls-Royce is already making use of the Cosworth casting and machine tool techniques, material developments and engine breathing technol-

Lynton McLain

intion to d

FINANCIAL TIMES

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INDUSTRY London, 23 & 24 April 1990

Dublic concern and interest in the protection of the environment is mounting rapidly. governments are recognising and responding to this concern, making increasing legislation and regulation to control pollution a fact of business life. The aim of this Financial Times forum is to look at the challenges these developments pose for business and industry and how different countries are tackling the problems. The new strategies that are having to be developed will be reviewed as well as the legal implications and the opportunities for companies to use green products to increase sales. Speakers include:

Mr Stanley Clinton Davis Former EEC Commissioner for Transport, Environment & Nuclear Safety (1985-89)

Mme Jacqueline Aloisi de Larderel

Director United Nations Environment Programme

Mr Anthony Cleaver Chairman, Business in the Environment Commonief Executive, IBM United Kingdom Limited

Mr Andrew Warren Director Association for the Conservation of Energy

Dr Peter Chester

Corporate Technical Director National Power **Mr Tom Burke**

The Green Alliance

M. Brice Lalonde Secretary of State for the Environment, France

Dr Herbert Gassert Chairman, Environmental Policy Committee Federation of German Industry (BDI)

Mr Sigvard Höggren Vice President, Environmental Affairs AB Volvo

Mr Bradford S Gentry Partner Goodwin, Procter & Hoor Consultant, McKenna & Co

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My argument with Birt and Jay is not about whether tele-

vision should be providing

more analysis and explanation
- adding more how and why
to the what and where - but

about precisely how you should do it, and whether you should do it at all on the Nine O'Clock News. The trouble is

that this programme is, by broadcasting's youthful stan-dards, an ancient institution

and 30 minutes is not much time in which to describe the significant differences between

the world yesterday and the

to both the region of

TELEVISION

Here is the news: now for the interpretation

In 1975 John Birt pub or five times the length now tion it has been neither moved to 10 o'clock nor extended to asked "Can talevision All the programmes would be an hour, but that is not informed by an over-riding editorial principle that explaining the placing the package of articles the background and context of argued that placing the news standing harrier?" That was followed by a series of articles jointly written by John Birt and Peter Jay who were then both working for London Weekend Television, Jay as presenter of Weekend World (produced by Birt from 1972 to 74) and Birt as head of current affairs. Their articles argued that in television journalism, pictures of vivid events took pride of place over analysis of broader economic, social, and political matters. There was, they said, a "hias against understanding" in television journalism. The whole philosophy came to be known as the "Birt/Jay thesis."
Birt and Jay asserted that television journalism took as its models the newsroom of a provincial newsroom, and the

provincial newspaper, and the documentary film unit. Gener-alists selected and reported news items, and all-purpose current affairs directors made programmes, according to short term considerations of what seemed most dramatic. The viewer's appetite for action and human interest was served day by day, but the underlying hunger for an understanding of longer term movements, and of why things happened in the way they did, was incorred.

was ignored. Birt and Jay proposed a revolution. The staple of televi-sion journalism should be "intelligent news analysis," News and current affairs departments should be merged programmes can be designed to handle systematically the

La Traviata

events is at least as valid and the programme editors by a central pool of reporters and specialists.

specialists."

Fifteen years leter, what do we find? John Birt is Density Director-General of the BBC where he has had special responsibility for all its journalism. In response to his ideas the organisation is recruiting a hig staff of specialist journalists. Feter Jay is one of them: as Economics Editor he now turns up regularly on BBC as Economics Editor he now turns up regularly on BEC news offering analysis and explanation of what is going on. The EEC's news and current affairs departments which competed with (and disliked) one another for so many years have been merged into one huge body which will soon be housed in a single building. But is overseing a five-veer

Birt is overseeing a five-year plan which began in 1968 involving a 252m increase in expenditure on BBC journalexpenditure on BBC journalism. New weekly analytical programmes on politics and social affairs — On The Record and Public Eye — have been launched to join the existing Money Programme. Later this year, if the timetable is maintained, they will be joined by a new weekly foreign affairs series. In other words the Bhtt/Jay thesis has been adopted lock stock and barrel by the BBC, and its onlie begetters

to handle systematically the events and issues of the day, of the week, and of the month."

The flagship programme would be an hour-long nightly news programme at about 10.00 pm. Its task would be:

"To supplement a brief news bulletin with a treatment of the four to six main events and issues of the day at about four Despite Birt's powerful posi-

an nour, put that is not entirely suprising. The schedulers of BBC1 have always argued that placing the news at 9.00 creates a neat and suitable watershed between family viewing (whatever that may be) and more adult material (whatever that necessary a part of reporting able watershed between family as relating and filming the lativiswing (whatever that may est incidents. These probe) and more adult material grammes, though independently edited, should be starting the "adult" period at serviced at the discretion of \$30 gives you a useful 90 minutes or so before everyone starts going to bed. Switch to

The more

analysis you include, the more

news items you have to exclude

an hour-long news starting at 10.00 and ending at 11.00 and you destroy that nest arrangement — and also find yourself competing head on with ITN's Ness At 10.

Ness At 18.

In other respects, however, the Birt/Jay thesis is clearly having a profound effect upon the Affect O'Clock Ness, and I for one do not like it. This is annoying since, in the broadest terms, the thesis has always seemed to me pretty sensible. It is obscurantist to say that television is inherently inferior. It is obscurantist to say that talevision is inherently inferior as a medium for journalism (whatever Sir Robin Day may think); it must depend upon how you organise it. And it obviously is true that there is no such thing as a wholly "objective" news programme: all selection and editing involves subjective decisions. You can make no stronger You can make no stronger comment on the comparative significance of matters than by including or excluding them from the news agenda, so the

not mean devoting the first 11 minutes of the Nine O'Clock News to a British by-election (unlikely in the long run to be any more significant than Orpington or Hillhead) before even glancing at the rest of the world

Peter Jay himself is, unhappily, someone whose analytical style looked all right on Weekend World but sits extremely awkwardly on the Nine O'Clock Naus. Nor is it just a question of style. On 15 March, five days before the Budget, he told us on the Neus that Budget, he told us on the News that in one stroke the Chancellor had to put new heart into his worried supporters and knock inflation on the head "and that can only mean higher taxes or perhaps another I per cent on interest rates." The New O'Clock News seems the last place for opinions of that sort.

What the Birt/Jay thesis ignores is that different people bring to their viewing of the news different levels of expertise, if your main evening alguificant differences between the world today. The more analysis you include, the more analysis you include, the more news items you have to exclude.

There always was a suspicious tinge of condescension to the Birt/Jay thesis ("We clever types will now explain to all you olks not just what has happened but why") and experience is suggesting that if you apply it to the Nins O'Clock News you may end up with something that sounds perflously like a WEA lecture, or a series of Janet and John lessons. Birt/Jay defenders would respond that BBC news has done remarkably well in the last year or so, pulling back the ratings and overtaking ITN. But it would be unwise to assume that that is a consequence of the new approach, it is just as likely to result from changes in what the opposition is scheduling against the news at 9 o'clock, and from the crisis factor: the way in which more meedle turn temporarily to the

expertise. If your main evening news programme approaches every complicated story as though it were catering for simple minded teenagers, it may retain a core of faithful viewers, but it will eventually irritate and drive away its more intelligent audience. Moreover it will add one more item to the arsenal of evidence already hoarded by that powerful band of opinion formers who have always insisted that television is an idiot's lantern, making it that much more difficult for television to take its rightful place in the pantheon of serious journalism. expertise. If your main evening

serious journalism.

Why not keep the Nine
O'Clock Ness for a fairly stark but extensive listing of the day's events, nationally and internationally, and provide lashings of interpretation and snalysis elsewhere, in current affairs programmes, for those who want it?

old purist concern about inject-ing "comment" into the news perspective. But that should Christopher Dunkley

Avant-garde in Adelaide

at 9 o'clock, and from the crisis factor: the way in which more people turn temporarily to the HBC (as to The Times) whenever world events take a dramatic turn.

At a time when government policy is ensuring that the public service element in broadcasting is reduced it is right for the RBC to be improving its

tasting is reduced it is right, nor the BBC to be improving its shifty to fulfil its traditional control responsibilities, partic-ularly in journalism. It is right, too, that the viewer should be able to find more expert analy-

plight to Siegfried in Swan Lake. Yet Prokovsky's charac-tens are forever shaking their heads, opening their hands to London City Ballet has arrived in Rosebery Avenue for a week's season with, as its its first offering, André Prokovheads, opening their hands to each other in exposinistion, a damb show as unconvincing as it is inexplicable. A sense of period, so with to our understanding of the doomed laws affair, is wholly heating: the demi-monde of Paris in the 1840s was never like this, in dress or behaviour, and the vulgarities of the dance including an obscene caberet turn of Lots and the Same experience. sky's version of La Traviata. I reported on its première last autumn without much enthusiasm, and in spite of some amendment to the staging I amendment to the staging to can summon up no greater pleasure in this event. Rather did I find it even more witful in seaking to do what hallet is singularly unable to achieve: extended and literal historic narrative. The physical timescale of the piece is wrong; what dance might tell successfully no elective to a deat including an obscene cabere turn of Leda and the Swan defeat comprehension.

This Traviata is in no way a serious ballet, and that is a cinctly, poetically in a duet pity, because on Monday night it contained two serious perfor-mances, from Kim Miller and

shades of Marguerite and Armand - is here interminably explored in dullest and most static recitative. By means of short-breathed Edwin Mota as the lovers. (The rest of the cast romp with variscenes, black-outs, much to-ing and fro-ing of unconvincing ous degrees of coarseness.) Miss Miller, once a ludicrous first scene replete with peasant washerwomen, rape and gold coins is out of the way, dances characters, the tale is told in wearisome and uncompelling detail. Prokovsky needs to cut with a warmth and a freedom that almost persuade us that the cackle and get to the 'osses of the dance. she is dealing with choreogra-phy rather than platitudes. Mr Mota is all scaring ardour and Balanchine declared that there were no mothers in law in ballet, but the choreography expansive technique: smid the miniming of his companions, he looks like artist whose interpretation is based in some form of reality. For the rest, I is determined to show us nice-ties of relationship within the Duvel family. (Balanchine also declared that every note of Verdi was danceable; this production is proof to the con-trary.) Nor is ballet an art of note that everyone in the cast works hard, but theirs is a Sis-yphean task.

Clement Crisp

Among the riches of the Adelaide Festival, the visitor has to choose, and the choice is not easy: a wealth of fringe eventa, caharet acts, musical performances ranging from ancient instruments to the extreme avant-garde.

In this last category, the Australian Peter Sculture, the festival's large successes. Familiar from previous years, the Runos have become local idols, and even when they perform in the capacious and handsomely-restored Town Ball, tickets are at a premium. Once you hear them — even if you are not a fanatical devotee of Steve Beich or Terry Riley — you can understand the enthusiasm they arouse and yoe find yourself sharing it. First of all, there is their breath-taking technique; not only is the intonation celestially perfect, but the ensemble is uncountly precise. Moreover, there is their special, perhaps and is leading a difficult operatic life familiar frading problems, hostility towards the importation of forsign singers (hence little Wagner and, for events, cabaret acts, musical performances ranging from anoismt instruments to the extreme event garde.

In this last category, the American based Krones Quartite feelight's huge successed. The feelight's huge successed the Erones have become local idols, and even when they perform in the capacious and handsomely-restored Town Hall, tickets are at a premium. only is the intonation celes-tially perfect, but the ensemble is uncannily precise. Moreover, there is their special, perhaps unique blend of intense, diabol-ical seriousness and their won-derful Buster Keston, deadpan humour. So when they play a work like John Zorn's Cat O' Nine Tails (1988), subtitled "Tex Avery directs the Mar-quis de Sade," the studied per-fection of their performance makes the references to old movie cartoon soundtracks all the more bilarious and moving.

problems, hostility towards the importation of foreign singers (hence little Wagner and, for lack of a true lirico spinto, not enough Verdi). Another problem apparently is the problem arising from the difference hetween the size of the Sydney Opera stage (uncomfortably amail) and the larger stages of the country's other houses; thus exchanges are not always practical. Still, the Sydney production of Tristan and Isolde, seen in the capacious Adelaida meeting of Trisian and Isolde, seen in the capacions Adelaida Pestival Theatre, worked fairly well. Brian Thomson's extremely simple unit set— white draperies from which a

plexigless jetty extended into some shallow water — proved eminently adaptable and, thanks to the imaginative lighting by Rory Dempster, did not look commend or drab.

The Sydney Symphony played well, conducted with sometimes excessive restraint by Stuart Challender (there were moments when more accentuated phreating would have been welcome). Challender's interpretation may have been influenced by the less-than heroic voices at his disposal. William Johns turned in a largely acceptable interpretation, but there was never a really exciting moment. The Isolde, Australia's Marilyn Richardson, also seemed Richardson, also seemed restrained during the first two acts, but for the last, she opened up, and infused a new level of drams and passion into what had been a merely honest reading. Malcolm Domelly was a hinff Knysenal once or a bluff, Kurwenal, once or twice hampered by the other-wise unobtrusive staging of Neil Armfield, Donald Shanka, as Marke, sounded elderly but

without much authority. In the cabaret department, a word of praise must gratefully be given to Richard Rodney Bennett, who has a wide-ranging repertory and a relaxed, engaging way with a song-Helène Delavaux rangad from Satie to Weill, from Apollinaire to Anden-Britten with delight-

The Pirates of Penzance

The readership of *The Financial Times* has, of course, a considerable overlap with the membership of the Bonnie Langford Fan Club. Without Just William and her immortal utterance of "I'll thkweam and thkweam and thkweam until I'm thick," Sunday teatime has just never been the same. It is her sheer ickiness that has us gobsmacked. We know she'll carry on grinning for us even when it pains her (it always seems to). She is a squeak and a grin and a pain; ickiness as an art form.

And yet it's ickiness with zip and with technique. She combines the vitality of a hyperactive child with the accomplishment of a seasoned musical performer. On she comes as Mabel in *The Pirates* of Penzance, with a trapeze cadenza that carries her way above the stave - and we know, damn it, that she has a far more fully-trained voice than anyone also on

stage. Though later on it's not always clear which high notes she's going to hit, she doesn't fake - she's there to sing for you. She can trill, she can shape melody, and she can shape melody, and she can control vibratto and chest register. And she can stand still and make that effective too. Really she's still an unformed infant phenomenon whose vocalism and diction keep switching from one style to another, but she's always absolutely prepared absolutely focused, and she's there for

This is what they call "the Broadway Version" of Pirates of Penzance, directed by Peter Walker along the lines of Joseph Papp's 1930 New York hit staging, the subsequent film version, and the 1982 Drury Lane staging here. The current production is relatively undereast. Paul Nicholas uses current production is relatively undereast. Paul Nicholas uses a huge smile, blond charm, game performing and, reportedly, special coaching in swashbuckling by Douglas Fairbanks Jr, to help him surmount the obstacle that he lacks the braggadoccion aughtiness to be a Pirate King. His singing, the most heavily miked of all, is neither good nor bad. It's simply of no account.



Paul Nicholas and Bonule Langford

is sturdy and vivid. His Elvis-Pelvis cadenza (the girls all scream like Beatles fans) to

"Is There Not One Maiden

Breast is a special event. Frank Thornton applies his doleful suavety to the Major General; and Simon Browne —

like a camp Bill Oddie on speed

- is the frenetic Police

This" – and yet G&S were already saying that. The best humour in this *Pirates* is still

Gilbert and Sullivan are indestructible. D'Oyle Carte starts its next tour, with a more traditional Pirates in repertory, next month. But account.

And for virile panache he's outclessed by David Ian as Frederick, who has Langford's exuberance and whose singing — by Lloyd Weber standards

repertury, next month. But there are people for whom the Broadway kind of Pirates is now the only kind, Since the show is so strong, who can blame them? Everything about the staging says "Don't Believe

theirs, and this production is most fun when it's bringing that out — as in the smash-blast account of "With Cat-Like Tread." Or when it catches some of Sullivan's large-spirited glory as well as Gilbert's satire, as in the Tarantara" ensemble You leave the theatre still

singing the tunes, laughing at the lokes, chording about the dance routines and looking this composer-lyricist team will bring out . . .

Alastair Macaulay

with it. We had a decent group

Roman Trekel

WIQHORE HALL

on successful pupils to win a reputation, so a singing competition must have successful winners. With Olaf Baer as the prize winner of its opening year, the City of London Walther Gruner International Lieder Competition could hardly go wrong. This was the fourth time it has been held and, perhaps by coincidence, it has found another East German winner in Roman Trekel.

winner in Roman Trekel.

The programme at the Wignore Hall on Monday night was the baritone's prize-winning London recital. Still in his twenties, he has a reasonably firm technique, to Weill, from Apollinaire den-Britten with delight-souciance.

William Weaver

the right direction. The climactic line of Schubert's "Der Doppelgänger" was taken in one breath, a brave decision, well dispatched; and Wolf's "Auf einer Wanderung" essayed a venture into some really soft singing that was welcome, even if the focus was momentarily lost.

After the interval confidence gained apace and spontaneity gained apace and spontaneity

experience grows, for this is the kind of instrument that of Braims some and a more challenging selection of Strauss, helped by the imaginative, if sometimes responds without problems to As yet the singer's ideas on slightly eccentric accompaniments of Werner Schieke, With "Schnsucht", an terpretation do not go much further than doing nothing wrong. At least when the first flickers of individual thinking did occur, they were going in the right direction. The unfairly neglected song, Trekel at last let himself go and, though he risked losing vocal control, the result was a flamboyance and passion that

had previously seemed beyond his reach. Most of the right qualities are in place for a fine Lieder singer to emerge in the future, if he continues as

Richard Fairman

solidly as he has begun.

SALEROOM

imaginative handling.

Sales of musical instruments are always difficult to predict. Sotheby's did well yesterday bringing in 2576,796, with 19 per cent unsold. The high bought in percentage was attri-buted to the top lot, a violin by Pietro Guarneri made in Man-tua in 1685, estimated at around £150,000 but unsold at £65,000. A Far Eastern buyer paid £50,600 for an anonymous violin cello, good but of unknown provenance, and £28,600 for a Bavarian violin-cello of the Kloz School, made around 1780. Also going East is a French violin made by Nico-las Lupot in Paris around 1810, which was on its high estimate at £44,000.

Phillips in St Ives disposed of the contents of the Cockery Bindery, the hand made machines which were the presses for the Arts and Crafts presses for the Arts and Crafts movement at the end of the 19th century. There was keen bidding and the sale totalled £52,600. A printer paid £3,300, within estimate, for a cast from Albion Printing Press of 1864, which will be displayed in its reception hall. Maggs, the book dealers, was a big buyer, and paid £2,530 for a French percussion press of Bertrand et Fils (estimate £700). Five hundred (estimate £700). Five hundred sheets of hand made Cockerell paper of 1973 sold for 2594.

Autony Thorncroft

Japan Festival for UK

The biggest overseas festival ever to be held in the UK will take place next year. The Japan Festival will cost £12m to mount, with most of the money coming from Japanese companies and the Japanese

The arts will feature prominently, with a Japan in Perspective exhibition at the V & A Museum, and other shows at Shimizu to London.

the British Museum, the Science Museum and the Royal Academy. A Japanese version of Jesus Christ Superstar will tour the UK and Yukio Ning. gawa, who has produced Mocbeth and Medea at the National Theatre, will bring Tango at the End of Winter by Kunio

Booker Prize judges announced

The judges of the 1990 Booker Prize for fiction will be chaired by Sir Denis Forman, Deputy chairman fo the Granada Group. He will be joined by Susannah Clapp, Deputy Edi-tor of the London Review of Books; Walton Litz, Professor of Literature at Princeton Uni-

versity, Hilary Mantel, award wining novelist and Kate Saunders, writer and journalist, A shortlist of six titles will be chosen in September and the winner announced at a presentation dinner on October 16 at the Guildhall London, broadcast live on BBC television.

Travelling on business?

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GOTHENBURG ... MALMÖ at the Garden Hotel

conversation - save in the old

Italianate mime tradition of Odette's semaphoring her

FINANCIAL TIMES

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FINANCIALTIMES

novotel

ARTS GUIDE

the more hilarious and moving. Among the unfamiliar works performed in Adelaide was the tender, often lyrical 1987 work "Hunting/Gathering" by the

THEATRE

Anything Goes (Prince Edward).
Cole Purter's silly ocean-guing
1930s musical has four or five
marvellous songs and Elaine
Paige failing to amulate Ethal
Manuan. Jerry Zak's desperately
bright production comes from
the Lincoln Center in New York
and is undemanding fare (734
8851, cc 836 2428).

8951, cc 836.2428). Jeffray Burnard is Unwell (Apollo), Tom Conti has taken over from Peter O'Toole as an alcoholic journalist who embodies a Falstaffan, nay-ac ing life force while committing public suicide by works. Keith Waterhouse has stitched a fine play, the sesson's highlight, from Bernard's own writing, Ned Sher-

rin directs. (437 2003).

Another Time (Wyndham's).

New Ronald Harwood play,
directed by Elijah Moshinsky,
about a winte South African Runily in Cape Town and Maids

Vale. Albert Finney plays father
and concert planist son across
35 years, suggesting that talent
is a means of escape and a reason for not going back. Janet
Surman and Sera Kestelman
are electrifying in support
(867 1116).

Aspects of Love (Prime of Wales), Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gernett's 1955 novella. Musically interesting and well directed by Trever Nunn a cast of unknowns project the right sense of sybsritic insociance. A probaNew York

The Sound of Masic (New York State). The New York City Opera performs the Trapp Family saga starring Debby Boone as Maria and Laurence Guttard as Captain von Trapp, Ends April 22. Heidi Chronickes (Plymouth). Wendy Wasserstein 3 awayd-wiptur dwna conscine 30 were Wendy Wasserstein's award-whning drams covering 20 years in the life of a successful American haby become goes from support for Eugene McCarthy's presidential aspirations in the 1980s, accompanied by the musical and emotional flavour of the period (239 8200).

Grang (St. James) This 20% and

(239 6200).
Gypsy (St James). This 20th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Marman tradition. Tyne Dely, as the bossy, theless and tuneful Rose, who shamelessly leads her daughter into burleque while rejecting a personal life for herself (246 0105).
Grand Hetel (Martin Beck).
Tommy Tune. Broadway's pres-Tommy Tune, Broadway's present musical doctor, directs this ent musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (248 0102), Sweeney Todd (Circle in the Square). An intimate production of the Sondham-Wheeler musical in contrast with the elaborate original a decade ago emphasiaes the descent into madness of Bob Gunton as the demon harber of Fleet Street (238 6200). Lend Me a Tenor (Boyale). A sprucing up in the set of a decaying town's big time open ambi-

ing town's big time opera ambi-tions makes a transatientic hit

cast led by Philip Bosco and Victor Garber (228 5200),
Jerome Robbins' Broadway
(Imperial), Anyone attracted by
the notion of three hours of film
trailer previews will adore this
compendium of Robbins' directed
and chorecorraphed plays of the compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each with a contemporary crew piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Les Misérables (Broadway). The magnificant speciacie of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama eros cross. (239 6200). (25 cato).

M. Butterfly (Eugene O'Neill).

The surprise Tony winner for
1968 is a somewhat pretentions
and obvious meditation on the
true story of the French diplomat

whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Staffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webbar's haunt-ing melodies in this mega-trans-fer from London (239 6200).

Stardnet (Eisenhower), Betty Buckley stars in a new music compendium featuring the music of Glenn Miller, Duke Ellington, Hoegy Carmichael among others Ends March 25. (467 4600).

"Tis Pity She's a Where (Good-man). Jo Anne Akalaitis of the Mabou Mines troupe directs John

March 23-29

Ford's classic about incest, set here in Italy of the 1990s and starring Lauren Tom as Anna-bella and Jesse Borrego as Giov-anni. Ends April 7. (443 8000). Steel Magnolias (Royal George). Ann Francis and Mancia Rodd, play the leads in this view of Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000). I'm Not Eappapert (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gerdner's memorable Central Park character who gaga his way through the 1988 Tony Award winner (948 4000). The Good Times are Killing Me (Rody Politic). This City Lit mo-(Body Politic). This City Lit production of Lynda Barry's first play captures an American child-hood with polgnant zaminess

King Lear (Tokyo Globe Thea-ire). The Rensissance Theatre Company, led by Kenneth Bran-agh, (with Richard Brisrs cast surprisingly in the title role). (360 1151). Hamlet (Ginza Hakubinkan Theatre). Yuri Lyuhimov's con-

troversial production was origi-nally seen in Britain and has naily seen in Britain and has since been on a world tour. The acting tends to be unstaged by the continuously moving curtain that dominates the set. (835 6556). Hanshin (Theatre Apple, Shin-jukn). Revival of the 1983 play by Hideki Noda, the darling of Lycan's frings. Weathley, fro. Japan's frings. Wordplay, fre-netic action and acrobatics form the basis of Noda's style, and can be enjoyed by those with

FINANCIAL TIMES

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Wednesday March 28 1990

Gorbachev on the brink

ALL TOO many signs suggest that the irreparable is about to occur in Lithuania. The pledge not to use force has been qualified by Mr Gorbachev, who on Monday told Senator Edward Kennedy there would be no use of force "unless lives were threatened." As the Lithuanian president, Mr Vytautas Landsbergis, commented, that is a threat which the Soviet armed forces "could create very easily themselves." Indeed, the line has already been crossed, with the military occupation of premises belonging to the Lith-uahian Communist Party and, especially, the forcible seizure of Lithuanian deserters from a

psychiatric hospital.

The targets, so far, have been carefully chosen, so that the action can be presented as necessary for the preservation of pan-Soviet institutions the Communist Party and the armed forces - rather than as a direct attack on the Lithuanian people and their representative institutions. Yet it looks either a piece of crude intimidation, or calculated to provoke a violent response, in the hope that subsequent bloodshed and loss of life would be blamed on the Lithuanians themselves. What could be more likely to produce ethnic violence than the dropping, from military helicopters, of leaflets urging people to join a rally outside parliament, organised by a pro-Moscow group composed mainly of Russians?

In the event, that rally was attended by fewer than 5,000 people and passed off peace-fully. Most of the Russian pop-ulation heeded Mr Landsbergis's plea to stay away; and the self-discipline of the Lithua-mians in refraining from violence even under intense prov-ocation has so far been extraordinary. It makes all the more insulting, and alarming, statements such as that of the pean Community, who said yesterday that Soviet troops were in Lithuania to keep eth-nic peace, and to avoid possible nationalist violence such as occurred in Azerbaijan.

Western help

Mr Landsbergis yesterday appealed to "the West" for help, asking rhetorically whether it was "once again the crisis.

willing to sell Lithuania to the Soviet Union." That is unfair, unless in Lithuanian minds "the West" includes Nazi Germany. Neither the US nor Britain has ever accepted the incorporation of Lithuania into the Soviet Union as legally valid. But Lithuania's geo graphical situation makes it quite unrealistic to expect Western military support, and it is unlikely that Mr Landsbergis had that in mind.

Formal recognition

Nor, so far, has he requested formal diplomatic recognition for his government. If he did, it is unlikely as things stand that many Western countries could comply. British doctrine (like French) is now that states rather than governments receive recognition. Is Lithuania a state? Clearly the majority of its people want it to be one, but equally clearly they do not as yet control the essential levers of state power, foremost amongst which is the monopoly of armed force. It is also questionable whether recalso questionable whether recognition, if unaccompanied by practical help, would not sim-ply provide an additional pretext for Soviet military action.

The only effective help the
West can offer is somehow to dissuade Moscow from moving further down that path. If that can be done, it is not by threatening specific sanctions but by reminding Mr Gorbachev and his colleagues what is really at stake. A "Tiananmen" solution in Vilnius would not directly threaten world peace, but it would destroy at a stroke the whole new climate of East-West relations which Mr Gorbachev has striven so hard and sacrificed so much to create. Arms control agreements are

the result of that climate much more than the cause. The cause is the new atmosphere of freedom in the Soviet Union and eastern Europe, which makes possible a relationship of mutual trust between them and other free societies. If "order" is reimposed in Vilnius by Soviet tanks all that will have gone. It would be a great tragedy for the world, but most especially for the Soviet Union.
It should not come to that. The negotiations requested by the Lithuanian leadership offer a far better way of resolving

tre still dictates its allocation.

The military role in the takeover of

Quentin Peel detects an air of unreality in Lithuania's conflict with Moscow

he border between the rebellious republic of Lithuania, hell-bent on recovering its independence from the Soviet Union, and the neighbouring Soviet republic of Belorussia, is virtually

A heavy concrete slab which used to proclaim the "Lithuanian Soviet Socialist Republic" has been symboli-cally blanked out with white paint. It is not clear whether it was done by supporters or opponents of Lithu-

ania's independent statehood.

All that is left to mark the spot is a picnic place for passing motorists. There is not a soldier in sight, nor anyone who might enforce either the unity or disintegration of the country. In the drowsy little villages nearby, the newspapers are still delivered by an old lady with a horse and cart. The whole conflict between tiny Lithuania, with a population of 3.6m, tucked away in the top left hand cor-ner of the Soviet empire, and mighty Moscow, has an air of unreality, if not

In the smart new parliament build-ing in central Vilnius, all copper-tinted glass and yellow concrete, the restoration of Lithuanian statebood was resoundingly proclaimed on March 11. The parliament is in well-nigh permanent session, in an atmosphere of continual crisis. In the cobbled and pot-holed streets

of the ancient city, rendered squalid by 50 years of Soviet domination, virtually nothing has changed. If people are worried about Soviet intervention, their fear is of an economic blockade,

not military takeover.

The conflict has been going on in the most unlikely places: in the Institute of Marxism-Leninism, seized by Communist Party loyalists and a handful of Soviet paratroopers last week; and in the psychiatric hospital, where a group of Lithuanian army deserters was roughly recaptured in the early hours of yesterday morning. When the Soviet army chose to send a great convoy of trucks, tanks and armoured cars through the city in a show of force, it did so at 3 am on Saturday morning, leaving most of the population blissfully ignorant. No targets directly relevant to the running of the republic have been touched.

it is as if the two contestants were hopelessly ill-matched fighters staging a rigged boxing match, neither intending to hit the other, with one huge muscle-bound heavyweight swinging wildly round the ring, while his featherweight opponent jumps up and down yelling insults to annoy

All Lithuania's real links with the outside world remain in Russian hands. Visitors come through Soviet borders and Soviet airports, with visas approved by Moscow (although a few extend their stay thanks to Lithuanian invitations, and may well have trouble leaving). All flights come in and out on Aeroflot, telephone calls go through the Moscow international system, the trains are kept running by Soviet railways, and settlement of accounts is done through Moscow. President Mikhail Gorbachev's decree insisting that all central state enterprises be controlled directly from Moscow simply restated the reality. The money is Moscow's, and the cen-

Communist Party buildings, including the central committee building itself yesterday, may simply have been intended to underline the powerlessness of the new Lithuanian leader-ship, Mr Vytautas Landsbergis, the new president, believes. It certainly has no direct effect on government. But it may undermine what claims the new administration has to inter-

Since January 1, Lithuania has supposedly been economically autono-

national recognition.

An ill-matched bout of shadow boxing



mous of Moscow, regardless of its claims to independence. Along with a similar regime in neighbouring Latvia and Estonia, the move is all part of Mr Gorbachev's attempts at decentralisation, and answering the clamour for greater sovereignty. In reality, the move has meant "absolutely nothing," according to Mr Viadas Terlackas, an economics pro-

fessor, and chairman of a working group under the Council of Ministers, drafting plans for a new currency and financial system. "If anything, there were negative changes," he says, "in the reaction on the part of Moscow to the developments here. They reinforced their control. A new system will only be introduced after

Yet even then, he admits that Lithuania cannot hope to reduce its dependence on Moscow for a long time. This proclamation of indepen-

dence is only an expression of the people's will. Moscow knows that per-fectly well. I don't understand why Moscow is so concerned." Apart from almost total dependence on the rest of the Soviet Union for

Tiptoeing through a minefield

George Bush has been typically calm — almost detached — in response to the impasse in Lithuania. Behind the scenes, however, the President is using every ruse he knows to spell out to Moscow the cost of cracking down on the Baltic republic

He has a huge stake in the way Mr Gorbachev handles the standin Lithuania. One senior US official said: "The success of virtually settl: "The success of virtually everything we are pursuing is contingent on Gorbachev's success in managing this crisis and others coming up."

coming up."

The present dilemma is how to mask this inter-dependence, how to persuade the Soviet leader that there would be a real price to pay if force were used against the Lithuanian secessionists. If Mr Gorbachev resorts to violence, his hopes of winning trade, economic, and arms control concessions from the West will be dashed.

certainly baulk at ratifying this year's planned strategic arms agreement, just as it refused to ra the SALT II treaty after the 1979 Soviet invasion of Afghanistan. Yet bringing pressure to bear is made more difficult for Washington because of Mr Bush's over-cautious response last summer to the Chinese pro-democracy demonstrators in Tienammen Square. Mr Bush is sensitive about public disapproval of his China policy — and has therefore ordered a more carefully calibrated rhetorical response to the Lithuania crisis. the Lithuania crisis.

It is long-standing US policy not to recognise the Soviet annexation in 1940 under the Hitler-Stalin pact of the three Baltic states of Lithuania, Latvia and Estonia. Yet at the same time, for fear of provoking the Soviets, the US has avoided outright recognition of the new Lithuanian government.
On the key question of force, the
US has tried to draw a distinction between "forcibly suppressing peaceful dissent" and "maintaining order in the face of inter-ethnic rivalries." This appeared to draw a distinction between the Baltic ependence movements and the ethnic unrest in Armenia and Azerbaijan. The problem, as is becoming clear, is that this policy

does not address grey areas such as the Red Army seeking to commander Lithuanian deserter So far, Congress has been restrained. While the Senate last week passed a resolution condens the Soviets for intimidating

Lithuania and calling on Mr Gorbachev to set the Republic free, it avoided a motion to recognise the new Lithuanian government.

Aware that it needs to cover its conservative flank, the White House this week stepped up its rheturic by issuing its first explicit warning that US-Soviet relations could be damaged by "further actions" by Moscow in Lithuania.

In practice, these public statements merely simplified private messages which have been conveyed continuously over the past week, both to Mr Yuri Dubinin, the Soviet ambassador in Washington and to Mr Eduard Sheyardnadze, the Soviet foreign minister.

foreign minister.
In the last resort, however, there is more than a trace of sympathy for Mr Gorbachev's dilemma — and a hint of irritation with the Lithuanians for being unwilling to strike a face-saving compromise.

Privately, officials criticise Mr

Vytantas Landsbergis, the Lithuanian Moreover, Mr Bush is a man who believes instinctively in "process," in orderly management of change. The Lithuanians drive for independence threatens to jolt this tidy view of international politics.

Lionel Barber

cheap oil and gas, Lithuanian factories are locked into a complex system of interdependence with enterprises across the country, using inputs and producing end products that may well be unsaleable on the world market.

However it is a two-way process, for at least 20 of Lithuania's 150 central country are produced to the control of th

state enterprises produce 100 per cent of the Soviet output of their particular products - such as auto-compressors, electricity meters, and the cardboard for Soviet matchboxes. They also produce a disproportionate quantity of consumer goods, like televisions and refrigerators, desperately needed to satisfy Soviet demand - and a considerable surplus of meat and dairy products, also in short supply in major Russian cities.

Not only that, but Lithuania is a major transit route and processing centre for Soviet oil exports, in return for getting its oil cheap. Neither side can afford an abrupt divorce.

For the new leadership of the republic, elected with an overwhelm-ing majority at the local elections (the independence movement Sajudis has 99 seats, and the Lithuanian Communist Party, also committed to indepen-dence, another 25 out of 133 in the parliament), there are two economic challenges that complicate each other. One is to disentangle the economy from its excessive dependence on Moscow, and the other, to move from a centrally-planned economy to a market system. Very little detailed work has been done on either subject.

Lithuania cannot hope to pay for its imports from the Soviet Union in hard currency — as Moscow is already demanding — because it has no hard currency exports. The whole trade would have to remain barter trade. through a system of clearing

In the longer run, however, there is some hope for foreign investment, if only political stability can be offered. Mr Larry Summers, former economic adviser to Mr Michael Dukakis, brought in from Harvard University to give some heavyweight advice believes there is genuine potential to exploit a skilled and ridiculously cheap labour force.

"Low cost assembly for foreign investment with a Western orienta-tion is something they can move on very quickly," he says. "I'm helping explain how a market economy works."

For want of any clearer economic programme, the nationalist yearning for a separate currency seems to have moved to the top of the agenda. As it cannot be convertible until Lithuania builds up an export base, its only immediate purpose would seem to be to restrict the purchasing power of Soviet visitors, and prevent an out-flow of food and goods in short supply.

The truth is that both the Lithus-

nians, and the Soviet side, seem to be motivated far more by knee-jerk nationalism than any sober assessment of the situation. Mr Gorbachev and his Ministers have talked nonsense about massive compensation for "union" investments in the republic, ignoring Lithuanian contributions to the national economy. And the Lithu-anians are allowing themselves to be dragged into a sterile argument by demanding counter-compensation.

In the end, they are both locked in stalemate. Unless Mr Gorbachev is prepared to use military force to reim-pose his authority, he is reduced to putting on token military manoeu-vres. Yet Lithuania can do nothing except demonstrate its overwhelming

axcept demonstrate his overwheathing national desire for independence.
"Lithuania is helpless, and the Soviet Union is powerless," says Miss Stefanya Jaconia, a Western economist with Lithuanian ancestry working in Moscow. "Two minuses don't make a plus."

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A cautious move on vouchers

THE MOST welcome aspect of the British Government's training credit scheme for young school leavers is that it is being introduced on a pilot basis. There is to be no sudden change-over, no quick fix. Instead, employer-led Training and Enterprise Councils (TECs) are being invited to bid for contracts to run 10 pilot projects from next April; only about 10 per cent of 16 and 17 year old school leavers will be involved in the trials. Mr Michael Howard and Mr John Mac-Gregor, the ministers responsi-ble, yesterday pledged that all the schemes would be rigor-

ously evaluated. This is a suitably cautious approach to what might become a radical switch of emphasis. It contrasts starkly with the Government's strategy in other areas of social policy. For example, Mr Kenneth Clarke, the Health Secretary, has repeatedly ruled out pilot studies. He is attempting to implement radical and untested policies on a nation-wide basis without any prior

ation or experim Pilot studies have a twin advantage. If they fail, little harm is done; if they succeed, they generate the enthusiasm and confidence that is necessary if new policies are to gain widespread acceptance. Under yesterday's training initiative, young people in the pilot schemes will receive cred-its with a face value of up to

£1,500. The TECs will be responsible for ensuring that the vouchers are used for training which is relevant to the needs of employers and which meets approved quality standards. Young school-leavers either to purchase training pro-vided by their employers or to pay for courses offered by spe-cialist training providers. Mr Howard hopes the credits will excite young people about the benefits of continuing in training and further education" and thus raise the quantity and quality of training provided in the UK.

Vocational training

In the past, the state has borne the tultion costs of post 16 academic education but required school-leavers (or employers) to finance most vocational training. This was

palpably unfair and perhaps helps explains why Britain's vocational education record is so poor. The provision of training credits may help redress the balance. But their motivational force remains uncertain. Youngsters may regard the vouchers as something which they have to spend; on the other hand, in a labour market that is tight for demographic reasons, many school-leavers may ignore the credits and concentrate on securing full-time employment.

No precedent As a means of boosting train-

ing, vouchers may thus prove disappointing. There is no international precedent for their use even in countries with strong apprenticeship and training records. For example, the very high level of training in West Germany is secured not by credits but by compul-sion: everybody under the age of 18 is required to have at least one day a week off-the-job vocational education. Employers are required to release their employees. If training in the UK was already both compulsory and free, vouchers would look a much less attrac-

tive option.

The logic of vouchers is to shift power from the producers to the consumers of a service. In giving youngsters purchasing power, the Government is implicitly arguing that they should decide what kind of training is in their own inter-ests. This is in many ways an attractive policy. But it runs counter to the strategy behind TECs, which is that employers or producers are the best arbiters of training needs. The ten-sion is already evident in the Government's decision that the employer-dominated TECs should decide what counts as "relevant" training. At some point ministers may have to choose between a consumer-

and a producer-led system. Producer-led TECs were inspired by the Reagan Administration's Job Training Partnership Act, which introduced private industry councils (PICs). Recent studies, however, suggest that the record of PICs is no better than that of public-sector agencies. So the Government's decision to experiment with a consumer-led solution is timely.

An Irish day of pride

■ Hollywood and the Oscars Ireland could talk of little else yesterday. The reason was the success of My Left Foot, the Irish low budget film which took on the big boys and walked away from the Hollywood ceremonies with two

My Left Foot is loosely based on the life of Christy Brown, a Dublin-born painter and writer who, chronically disad, learned to do all his work with his left foot.
As news of the Irish triumph

came through, the Irish Inde-pendent, the country's bestselling daily newspaper, put out a special Oscar edition. Charles Haughey, the Prime Minister, also currently star-ring as President of the European Council, was on the phone to Hollywood. "This reflects proudly on us all," said

Haughey. Daniel Day Lewis, half-Irish and son of the late British poet laureate, won best actor award for his portrayal of Christy. Brenda Fricker, who played Christy's mother, is the first Irish actress to win an Oscar. The question now is where to put it. "I've no mantelpiece I'm going to have to buy a house," she said.

By the end of the day, however, a certain resentment was building up in Ireland at suggestions that My Left Foot was really a British venture. There was much criticism of the BBC for having reported it that way. In fact, the British only put up some of the money.

Cat trouble

■ Something is rotten in the state of Argentina. More precisely, something was rotten in a water tank of the Casa Rosada, the crumbling palace which houses President Carlos Menem's government.

The royal-blue uniformed Grenadiers who form the palace guard were beginning to

OBSERVER

drop like files, struck down with a mysterious stomach upset. The culprit, a drowned cat in advanced state of decomposition in a water tank, was discovered this week. Hundreds of cats live in the Casa Rosada, a labyrinth of decaying finery. Since the Bue-nos Aires municipal council has just announced an anti-rat year, they are unlikely to be forcibly evicted.

Poll surtax Mandrew Mursell, a computer student at Portsmouth Polytechnic who lives on the Isle of Wight, has received a polltax bill for 23.864,081.55. When

he telephoned to query it, he was told he could pay by

Exxon out ■ With unintended good timing the first European exhibition of the work of Raymond Loewy, the man who gave post-war capitalism its most

distinctive symbols, is showing in West Berlin just as East Ber-lin is going capitalist. Loewy, the French-born American who died in 1986 aged 93, is usually described as the "father of American industrial design". He is responsible for the shape of toothpaste tubes, cigarette packs and soup cans. He also created famous logos like those of Shell and Canada Dry, and even designed the original Greyhound Bus. When accused of lacking an aesthetic sense, Loewy would retort that there

was nothing more beautiful than a rising sales curve. The exhibition is sponsored by Daimler-Benz and Edzard Reuter, the Daimler chief executive, has written a glowing preface to the accompanying hook.

But there is a strange omission. The word-mark and logo



of the US's biggest oil corpora-tion, Exxon, which Loewy is usually credited with invent-ing, scarcely feature in either the book or the exhibition. Possibly this is because Exxon has gone modest about publicity since the Alaska oil spill, though there remains some doubt about whether Loswy

personally created them.
The exhibition is moving next to Paris, then Amsterdam and will make its last European stop in London's Design Museum, Perhaps Lawrence Rawl, the Exxon chairman, should clear up the mystery of the omission before the exhi-hition arrives in New York.

Soviet records ■ The Guinness Book of Records is about to be challenged by a Soviet news

gency called Pari.
Pari is proposing to set up what it says is the world's first information service answering queries on the world's strangest, fastest, largest, first, and altogether most record-breaking phenomena. The agency claims that already 70 per cent

of the world's records are held by people from the Soviet Union. For example, the world's tallest man is the 2.4m former basketball player, Viktor Sizonenio. He also earned one of the world's smallest salaries: 65 roubles a month.

There will also be a world encyclopaedia of miracles, though not apparently eco-nomic. They will include a Soviet man who can speak 38 languages and a 10-year old boy who can distinguish the newspapers, Trud and Izvestia, by smell.

Still secret

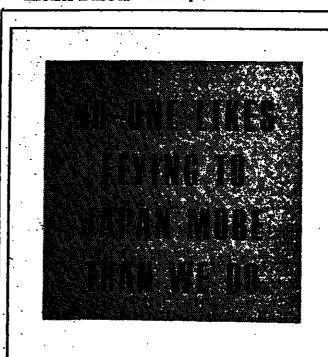
■ The British Government's sensitivity to intelligence mat-ters related to the Falklands War has in no way diminished with time. A television production team has been commis-sioned by Channel 4 to make a film to mark the 10th anniversary in 1992. Thus the For-eign and Commonwealth Office has written to senior diplomats (mostly now retired) reminding them of their duties if approached for information.

The letter stresses that nothing should be said or revealed about Britain's involvement in the war which might be considered by the Governme as detrimental to national security, past or present. According to the FCO, what

is said by any diplomat, serv-ing or rettred, should not go beyond what has already been published in House of Commons Select Committee Reports. That means we may have to wait until 2012 (under the 30 year rule) until much more comes out. The memoirs of Sir John Nott, who was Defence Secretary at the time, are locked in a bank until well after his death.

Transformed Sign in the window of a New

York beauty salon: "Men! Please do not whistle when a gorgeous girl emerges — it may be your grandmother.".



Only JAL have 33 flights a week from Europe to Japan.



The great and the good of the electricity industry in England and Wales will gather today in Clements House, a nondescript build-ing opposite London's Gulldhall, for an event which would be beyond the wit of most fiction writers to imagine. They will be there to sign a mountain of contracts so large that it would have left Kafka reeling. National Grid Company, one of the companies invited to this lawyer's feast, has to put its mark on about 700 contracts. Three days have been set aside to ensure that the right signatures are on the right papers by Saturday — the "esting day" for the new electricity companies heading for privatisation.

By the weekend, one of the UK's higgest industries will have an activation of the UK's higgest industries will have a new activation of the UK's higgest industries will have a new activation of the UK's higgest industries will have a new activation of the UK's higgest industries will have a new activation of the UK's higgest industries will have an activation of the UK's higgest industries will have a new activation of the UK's highest high

higgest industries will have an entirely new structure. Sixteen new electricity companies will have been created in England and Wales (a parallel process is under way in Scotland). The monopolistic Central Electricity Generating Board, which dominated the industry for decades, will be dissolved. In its place, a new semi-competitive, quasi-market will semi-competitive, quasi-market will crank into operation. Three new generators will be cre-ated: National Power and PowerGen.

which will be privatised, and Nuclear Electric, which will remain in the public sector. A new entity, National Grid Company, will run the national grid It will be owned jointly by the 12 area supply companies, which are for the first time facing competition from generating concerns to supply their larger industrial customers. The sale of the industry – with a likely total

of the industry — with a likely total price tag of more than £10hn — will begin in the antunm.

There are few parallels anywhere in the world for an industrial reorganisation of this size. The break-up of American Telephone & Telegraph is one of the few comparable modern examples. But just as opinion in the US is flercely divided on the merits of ending the old Bell system, so too the intry will remain out for some time on jury will remain out for some time on the wisdom of Britain's electricity reorganisation, the biggest and most complex privatisation attempted by

the UK Government.
On one point, however, there is virtual unanimity. The appointment of Mr John Wakeham as Energy Secretary in the middle of last year rescued a policy which was heading for the rocks. Mr Wakeham pulled the rotten tooth gnawing away at the Govern-ment's privatisation plans when he ahandoned the attempt to sell any of the nuclear power stations. Years of ineffectual monitoring by the Department of Energy had failed to reveal

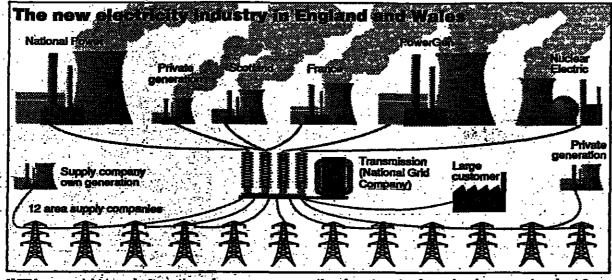
the true costs of nuclear power.

Yet a price has had to be paid for Mr Wakeham's business-like determination to drive through the privatisation programme. Strong limits to competition have been built into the new electricity structure in the costs were electricity structure in its early years in an attempt to protect the markets of the existing electricity companies and hence make them more saleable. One example is the protection given

to the 12 area electricity companies' supply monopolies. In the early years of privatisation, sites with a maximum demand of between 100kW and

David Thomas and Maurice Samuelson report on the reorganisation of Britain's electricity industry

Power to some of the people



1MW have no right to seek alternative suppliers — the main mechanism by which companies hope to secure cheaper electricity or better contract conditions. This provision, which is due to last until 1984, will exclude from the competitive supply market nearly all small and medium-sized. businesses as well as the individual

businesses as well as the individual sites of many large groups.

One of the country's largest retailing chains, for instance, explains that it has a combined demand of about 30MW, but that none of its 190-plus stores has demand of its own of more than 1MW. "When we first heard about the privatisation plans, we thought we would be able to buy electricity on the open market. We will in tricity on the open market. We will, in fact, be no better off than in the past,"

it says.

Like other industrial and commercial customers unhappy about the new regime, this retail chain is not prepared to be quoted publicly. The Department of Energy has been assistant and appropriate anyone connected uous in warning anyone connected with the privatisation process not to make negative comments to the press. It has been less active in explaining to the outside world the Byzantine structure it has evolved for the new industry or - until recently - in consult-ing industrial users on their views. They would say they've consulted us and we would say they've insulted us. We've been getting more information by reading the newspapers than from the Department of Energy," comments one very large industrial electricity consumer. One group of

large users says the department began to listen to it only after it had complained to Mr Wakeham that its views were taken more seriously by the European Commission than by his own department.

Mr Wakeham dismisses worries about restrictions on competition for larger industrial customers. "I can assure you that customers are already receiving the benefits of competition.

Private generators are almost certain to prefer to build smaller, more flexible plants with quicker payback periods

There are a lot of them who are telling me they have got prices for their electricity that they did not believe possible."

It is certainly true that audible sighs of relief have been heard from many large users in recent months. Many had feared that they would face swingeing price increases after priva-tisation. Defi last-minute decisions by Mr Wakeham have ensured that most consumers will notice little difference until after the next general election. Electricity consumers fall into three

• Almost all households, small businesses and medium-sized commercial sites — that is, consumers with maximum demand of less than 1MW. They

face price rises averaging about 9 per cent from April 1, but prices for their

electricity will not be allowed to

increase by more than the rate of inflation for the two following years

with maximum demand of more than 1MW. They are now allowed to shop around for electricity supplies and so far have emerged as the hig winners from electricity privatisation. The area supply companies have been offering them price cuts, on occasion of more than 10 per cent, in a bid to

keep their custom.

The very largest industrial users—those with demand of more than about SMW-10MW. They feared price increases in the 20-30 per cent bracket, because a number of schemes which favoured them under the old nationalised structure will be wound up on vesting day. However, Mr Wak-eham has forced the electricity industry to offer an inflation cap to these

large users for another year.
On the face of it, the competition for the business of users above 1MW demonstrates that there are ample competitive juices in the new structure. In theory, bids can be made to supply these users by any of the 12 area, supply companies, National Power and PowerGen, the two generators heading for privatisation, independent electricity generators and the Scottish electricity companie In practice, competition for the custom of the above 1MW category seems to have assumed a rather limited pat-

tern. Few area supply companies have made serious attempts to win supply contracts for industrial customers outside their region. One large industrial company says that its many industrial sites have had only three serious bids: one from National Power, one from PowerGen and one from its existing area supply com-pany. Mr Wakeham points to See-board's success in wresting the con-tract to supply Heathrow airport from Southern Electric as evidence of the new spirit of competition. But Heath-row is the only known example of its kind. kind.

Mr Wakeham was able to impose an inflation cap until 1993 on the prices

of the bulk of electricity users -those with demand of less than 1MW - thanks to the three-year coal sup-ply contract between British Coal and National Power and PowerGen. The two generators have agreed to take the vast majority of their fuel supplies from British Coal at above world mar-ket prices, albeit below its current prices in real terms.

This contract will severely constrain competition between National Power and PowerGen during the next three years, since fuel accounts for over 70 per cent of their costs. The coal contract's adverse impact on competition is offset, in the Government's cores has one competitions. ment's eyes, by one overwhelming advantage: it will postpone until after the next general election what could be politically explosive decisions on the future of Britain's coal industry.

For it is already clear that privatisation will have a significant effect on new generating projects. The sation will have a significant effect on new generating projects. The CEGB'spredilection for large coal-fired and nuclear stations already looks like a relic of a bygone age. Private electricity generators are almost certain to prefer to build smaller, more flexible stations with quicker navback particle. quicker payback periods. Some of these may be new-style coal stations, but the relatively new combined cycle gas turbine generating technology is ideal to meet these needs. Add in the growing environmental worries about coal as a power generation fuel and the 1990s look certain to belong to

Mr. John Baker, National Power's chief executive, expects 80-90 per cent of all the new generating capacity to be built over the next decade to be gas-fired. National Power and Power-Gen have amounced a string of proposels for new cas-fired strings. posals for new gas-fired stations. Indeed, there are worries among some of the companies hoping to become independent generators under the new electricity structure that National Power and PowerGen will crowd out the market for new sta-

Whether or not the independents flourish under the new structure, it is ar that small power stations will be the name of the game in the next 10 years. Almost two decades after E.F. Schumacher, ex-economic adviser to the National Coal Board, coined the saying "small is beautiful," it might at last be becoming true in the elec-tricity industry. Unfortunately for his former employers, gas will be the benLOMBARD

Timely warning for Greece

By Robert Mauthner

THE LETTER sent by Mr Jacques Delors, the President of the European Commission, to the Greek Government, warning that its international creditworthiness and even its future status in the Commu-nity would be endangered if it did not rapidly put its economy in order has drawn attention to the dire state in which Greece finds itself today. It is by no means the first warning of its kind that Greece has received this year. Both the Organisa-tion of Economic Co-operation and Development and the International Monetary Fund have sent similar me Athens, albeit in the form of reports rather than letters.

The vehicle chosen by Mr Delors to impart his warning and the sharp terms he is reported to have employed are certainly unusual in relations between the Commission and between the Commission and member states. But it is justi-fied by the fact that the Commission has had its fingers burnt before where Greece is concerned. In 1985, Greece received a \$1.7bn emergency loan from the EC, which has not yet been repaid. Moreover, the conditions on which it was granted — a substantial reduc-tion of inflation and the reduction of the public sector borrowing requirement - were never fulfilled by the previous Socialist Government led by

Mr Andreas Papandreou. What Mr Delors is saying is that Greece cannot expect similar Community aid, which it will almost certainly require, if it does not take drastic mea-sures to put its house in order. The warning was timely, as it came only a few weeks before Greece's third election within 10 months, due on April 8. The solution, however, is not as simple as might appear. Greece has not had a viable government since June last

year, when Mr Constantine Mitsotakis's centre-right New Democracy Party, though emerging as the strongest single parliamentary group, failed to win an overall majority. The coalition governments which have "ruled" the country since then have been too heterogeneous to impose on the country the economic medicine prescribed for it by all the international organisations.

Even the respected and politi-cally impartial caretaker Prime Minister, the 85-year-old Mr Xenophon Zolotas, a former Central Bank Governor, has

failed to persuade Greeks to face economic reality. It is not for lack of trying, it should be said. But when push came to shove the members of what has flatteringly been described as an "ecumenical" government, grouping all three main political parties, have always decided to take more account of their potential elec-torate than the alarming economic statistics. Yet to any outside observer of the Greek scene, their failure to act decisively appears irresponsible and certainly contrary to Greece's national interests.

ment will have little room for manoeuvre. Stringent austerity to a rapidly deteriorating situa-tion. After one of the worst economic performances in the OECD area over the past decade, the government will have to finance a public sector borrowing requirement of some 22 per cent of GDP, bring down an inflation rate which is expected to reach 17 per cent this year, and which is more than three times the OECD average, and finance a current external deficit of at least

\$2.5bn, or 5 per cent of GDP.

Priority will therefore have to be given to cut public spending by the sale of alling compa-nies, the reduction or complete abolition of the wide range of state industrial investment subsidies and a complete overhaul of the social welfare system, particularly the over-gen-erous public pension scheme. On the revenue side, the long-heralded reform to broaden the tax base and bring within the net the 40 per cent or so of the black economy, must at last be

For that to happen, however, a government able to take decisions must emerge from the elections, whereas the opinion polls forecast that they will result in another hung parlia-ment. What Mr Delors is telling Greek voters and politicians is that they have no more time to play political games if they want to save their country from ruin.

Seeking protection from unauthorised intrusion

From Professor Basil out, the Appeal judges in this Markesinis case felt unable to transcend Sir, Discussing the case of

the actor, Gorden Kaye, who was unable to get from the courts a full protection against the publication of photographs and story, obtained by intruding and unauthorised reporter and photographer of the Sun-day Sport, while he was recovering in hospital from brain surgery, Justinian seems to be resigned to the alleged impossibility of legislation for the pro-tection of privacy. Instead, he argues for "letting the law grow out of a series of rulings in individual cases." ("Establishing the right to be left alone," March 26).

However, as Justinian points

Sir, While I have a little sym-

pathy with Mr C.F.Pocock ("Anomalies in taxation of ben-

eficial loans," March 23), I

would have thought the matter

capable of being settled by negotiation rather than boping

for a mention in the Finance

insofar as the current penal mortgage rates are exceeded by

mortgage rates are exceeded by an even more penal official rate of interest, there is, on the face of it, a problem. However, if one examines the wording of TA 1988 s160(1) it will be seen that loans to be brought into charge are those "of which the benefit is obtained by reason of his employment".

The purpose of this legisla-

tion was to tax the benefit of

receiving an interest free, or

low interest loan, as part of a

remuneration package.

his employment".

From Mr P.J. Rivett.

176.11

1, J-

the limits of case law and called for statutory provisions to protect the privacy of indi-

the main argument against statutory protection is said to be the difficulty of defining and limiting privacy. But it has been done by statute of courts in Canada, France, Germany and the US.

Another argument seems to be that protection of privacy could restrict free speech and investigative journalism. But the Kaye case (and many others like it) are not concerned with the control of local or central government or any wrong-doing contrary to public inter-

Talks could settle beneficial loans tax anomaly

If I understand Mr Pocock,

he receives no beneficial terms which could not be obtained by any other person. While I find this odd, if this is indeed the

case, surely the argument to be advanced is that the "benefit"

cannot arise from his employ-

receiving his present loan by virtue of him being a share-holder of the building society

(as indeed all other borrowers generally are) and that the fact

generally are, and that he works for the society is

he is really borrowing on the same terms as Mr Public, then

perhaps he should consider dis-

claiming this alleged benefit.

I have been dealing with the

Inland Revenue for more than 20 years and while I have

encountered the occasional

Taking the matter further, if

He might argue that he is

est. In this case the defendants boasted that their interview was "a great old fashioned

Finally, the Press Council argued recently through its chairman that there is little need for a new remedy since, in essence, privacy-overlaps with defamation. But not only is defamation narrower than privacy, it is concerned with true private facts, the revelation of which can be more hurtful than lies with which defamation is concerned.

The promise of reform by means of Press Council guidelines is wearing thin, espe-cially if the Press Council remains a watchdog without teeth and expects complain-

"maverick", I am certain that

the Revenue, generally, would after making a few inquiries, concede that there really is no

benefit here. Ask the district

inspector to talk to his head

the loan have been obtained in the precise terms, without the

need for Mr Pocock becoming an employee? If the answer is truly "yes", then I feel that the

Revenue will not pursue the matter. On the other hand, I am surprised that a building society would offer as an inducement, the ability to bor-row at exactly the same rates offered benefit!

fringe benefit!

Warwick Close,

Abingdon on Thames,

The true test must be, could

ants to promise not to use theirs (by waiving any patchy remedies they may have) before it even starts investiga-ting their complaints. For some, such a set-up provides a permanent temptation to sin in the sure knowledge that there will not be a day of reckoning!

The Kaye case provides further evidence that our law is petaly insidence and increase. patchy, inadequate and insular. The Calcutt Committee, now putting, no doubt, finishing touches to its long-awaited report on the law of privacy, ought to pause and take account of this case.

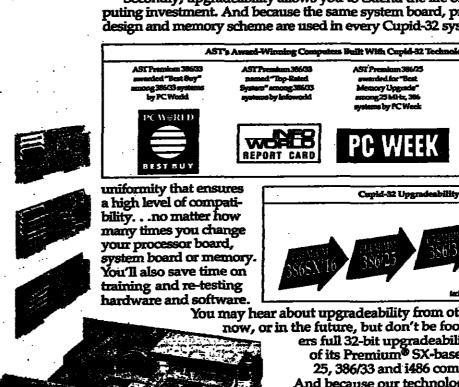
Basil Markesinis, University of London, Queen Mary and Westfield Col-lege, Mile End Rd, E1

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Premature conversion of Hanson's stock

From Mr Stephen Hugh-Jones. Sir, As a shareholder in Hanson, may I update the sorry tale of the compulsory, premature conversion of its 10 per

Hanson has now formally informed me that (a) it will indeed force unwilling stockholders to convert; (b) on April 30, over seven months since the last interest payment; (c) it will not pay interest for those months; yet (d) the taxman will still demand that we pay

The joint result is that: 1. Issued in May 1986, this supposedly 2007/12 stock will have existed for only 47%

2. But it will have paid interest for only 40% of those months, thus reducing an advertised gross yield of 10 per cent to a real-world one of 8%

 Since it will incur tax for the full 47% months, the net yield will be cut even harder. for a 40 per cent taxpayer, to only three quarters of what, supposedly, it was going to be. Indeed on the one interest payment of its last 13 months of life he will be taxed at

I will not call this a fraud on the investing public: no doubt it is allowed for in the fine But I doubt that it is quite

what Aunt Againa expected – and was reasonably entitled to expect, given no indication whatever in 1986 that Hanson would put the fine print into effect. And it is certainly one hell of a way to win her trust in the City, isn't it? Stephen Hugh-Jones, Garden Road

East Germany could follow NFC route From Mr F.S. Law. Sir, Regarding Messrs Kotz's

and Wermuth's letter ("A sup-ply side answer to East Ger-man problems," Letters, March 19), I wonder whether they and the new East German govern-ment could not combine what is being suggested with an additional scheme based broadly on the employee buy-out success of the National Freight Corporation in the UK? There are, I am informed, considerable savings deposits in the equivalent of savings bank. Would it not be feasible to propose to the employees and management of the "Volks Eigene Betrieb" (comparable with British public sector com-

panies) that they use these savings to acquire the compa-nies in which they work? The example of the NFC has shown that the "ownership feeling" has an enormous impact on the employees in improving efficiency and pro-ductivity, leading simultaneously to an increase in profits, resulting in a share price improvement and dividend payments, certainly in excess of what "Sparkassen" invest-ments would yield.

Having been involved in the NFC, from its beginning as a public company, via the buy-out to flotation, I can recommend heartily this method of employee involvement. Lennox Gardens, London, SW1

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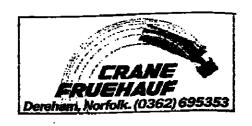
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FINANCIAL TIMES

Wednesday March 28 1990



Mexico and US to forge closer trade links

By Robert Graham and Peter Montagnon in London

MEXICO and the US are to forge closer trade links with a view to an eventual agreement creating a fully fledged North American free trade area. Mexico is the US's fourth Japan, Canada and the EC. Two-way trade last year totalled \$52bn.

The move will provoke renewed fears that world trade flows could be hampered by the creation of regional trading blocs, undermining the authority of the General Agreement on Tariffs and Trade Mexican officials recognise

that the logic of closer trade ties would lead, eventually, to

Ford chief

to replace

Jaguar head

SIR JOHN EGAN, chairman of Jaguar, the UK luxury car maker taken over by Ford of the US for £1.6bn (\$2.6bn) last

November, is to leave the company at the end of June.

He will be replaced as chair-man and chief executive by Mr Bill Hayden, vice president of Ford of Europe's manufactur-

ing group, who has led Ford's transition team at Jaguar.

Sir John, who joined Jaguar in 1980 and led its privatisation

from the state-owned British Leyland group in 1984, has been one of the main stan-dard-bearers of the Thatcher Government's privatisation

programme.

His name has been linked with several high profile industry jobs and most recently with

the chairmanship of National Power, the largest generating company in the £15bn privati-sation of the electricity indus-try. He refused yesterday to comment on his future plans.

"I did not want to run a sub-

sidiary of a large company," he said, "that would have been a problem for me. I want the independence of action I have grown used to."

In the 10 years under Sir John Egan, Jaguar was saved from the threat of imminent

closure. Production and sales volumes have been more than tripled, it has substantially

modernised its engineering and parts of its manufacturing facilities, and has set up a

enridwide sales network and

re-established its credibility as

a luxury car maker. Its profitability has been bat-

tered by the weakness of the US dollar and falling sales in the US, however, and Sir John

disclosed yesterday that the company had only been trad-ing at a break-even level for

The transition team at Jag-uar had already established that savings of "well in excess of £100m" could be achieved.

Mr Hayden, 61, will take over

as chief executive of Jaguar with immediate effect. Sir John

will retain the role of non-exec

utive chairman for the next three months.

He said Jaguar was planning a future four model line-up,

adding a smaller "sporty saloon" and a sports car to the existing XJ6 luxury saloon and

XJS grand tourer ranges. It was planned to raise output to close to 200,000 cars a year in

the next 10-15 years from an output last year of 48,138 and

be made in Brussels today to derail the UK Government's

electricity privatisation plans when the European Commis-

sion considers subsidies to the nuclear power industry. Objections are also likely to be lodged with Brussels this

week by Britain's small private

coal industry about the bulk

coal contracts for power sta-tions which underpin the pri-

the whole of 1989.

By Kevin Done, Motor Industry Correspondent, in London

Egan as

co-ordination of monetary and fiscal policy. The issue is expected to be raised at a formal meeting between President Carlos Salinas de Gortari and President George Bush in

In January last year a comprehensive agreement between Canada and the US took effect, freeing trade in goods and services and establishing a special mechanism for settling trade

Until recently Mexico had concentrated on negotiating trade deals in specific sectors such as textiles. This was because of extreme political sensitivity in Mexico to any

By Patti Waldmeir in Sebokeng

police

black

constables kept their shotguns trained nervously on the crowd

which gathered yesterday in Sebokeng, the black township outside Johannesburg, to

watch the mopping-up after the previous day's violence.

At least nine people died and

450 were injured on Monday when police opened fire on anti-apartheid demonstrators. The so-called "kitskonsta-bels" – young black policemen

bels" – young black policemen with minimal training and lit-

tle education — were removing barricades of boulders and burning debris from the streets under the scrutiny of residents and workers who had stayed

home for the day.
While the explosive unrest of

the previous day had subsided, the threat of violence remained

in the air. And the police

appeared to be aware that, in the eyes of Sebokeng's resi-

denis, they alone were respon-sible for Monday's carnage. Not surprisingly, accounts of the violence by police and com-munity leaders do not tally.

Community leaders said they staged a peaceful march to deliver a protest petition at the

local police station. When they

commissioners are likely to try to delay the introduction of the

electricity market, which is scheduled for Saturday, the industry's "vesting day." Their main concern is the subsidies to the nuclear industry built into the new market.

into the new market.

Some commissioners are par-

ticularily concerned about the

£2.5bn potentially available under the 1989 Electricity Act

for the liabilities of the nuclear

EC may delay British power privatisation

that implied loss of sovereignty and because of fears that its underdeveloped economy would be overwhelmed by US

competition. However, Mexican officials say that President Salinas has swung round to favouring early negotiations on a common market for three reasons:

The fast evolving situation in eastern Europe risks diverting investments and trading investor attention and trading partners as well creating additional competition for trade with west European mar-

• Mexico, in the process of restructuring and liberalising

Part of a crowd of 60,000 who marched to protest against high rents in the black township of Kwa-Thema, east of Johannesburg, yesterday

Threat of violence lingers on in

township where marchers died

began to retreat after deliver-

ing the petition, police opened fire without warning and many

marchers were shot in the

The police said they acted in self-defence, using teargas and shotguns to break up a march

anothers to break up a march of 50,000 people, after the marchers "began singing and shouting and threatened to attack." Two policemen were

Whichever version is true, something went badly wrong in Sebokeng on Monday, and although Mr Walter Sisulu, a

senior official of the African National Congress (ANC), said yesterday the violence would

not threaten negotiations between the ANC and Pretoria,

both sides must be anxious to avoid a repetition. Mr Bayumile Vilakazi, a

local official of the anti-apart-heid United Democratic Front

(UDF) and the man who headed Monday's march, said:
"We were trying to reach out
to Mr de Klerk." The aim had
been to present the peti-

to present the per-tion – detailing grievances over high rents, poor education and health facilities, and other local and national issues – to

They are expected to argue that these subsidies contravene

EC rules on state aid to the nuclear industry. Doubt is likely to be expressed about whether the Community should be subsidising its nuclear industry at all.

The National Association of

Licensed Opencast Operators

comprehensive arrangement its economy and on the edge of economic recovery, is well placed to negotiate while it is still not a threat either to US or Canadian industry.

Despite political sensitivi-

ties, the Mexican authorities believe a psychological barrier has been broken in attitudes towards the US. Close ties with the US economy are seen as the best anchor for price stabil-

ity and growth.

Both sides recognise that the integration process will be lengthy. Sensitive problems will have to be overcome about imprigration and such specific immigration and such specific areas as trade in vehicles. The latter proved one of the

most thorny areas of the US-Canada agreement. The Canadians are already showing signs of concern about Mexcican competition in the automotive industry. Mr Brian Mulro-ney, the Canadian Prime Minister, visited Mexico 10 days ago and was cautious about moving too fast on a free

trade area.
The US accounts for 66 per cent of Mexico's total trade and Mexico plays a key strategic role as a stable long-term sup-

The first framework agreement for liberalising trade was signed by Mexico and the US in 1987.

Japanese companies find room to lure staff

By Robert Thomson

THE company dormitory, five to a room, wall-to-wall corpo-rate loyalty and a midnight cursew, is under renovation in staff-starved Japan, where workers now have a choice of

companies they can join. Mitsubishi Heavy Industries yesterday announced a Y55bn (\$352m) plan to remodel the company dormitories and build more houses for married middle-managers in the inter-ests of "better quality living." The new, one-person rooms will come with air-conditioning, telephone and provision for satellite television.

The Matsushita electronics

for satellite television.

The Matsushita electronics group is planning to spend even more - Y70hn - on accommodation over the next five years, and will replace four-person dormitories with single rooms in 10-storey buildings. Soon, it will lift the midnight curfew.

Toyota and Honda, the car makers; Suntory, the brewer; Nippon Selko, the ball bearing maker; NEC, the electronics company; and Fanuc, the machine tool company, have recently announced plans to apprade company housing. Wealthy companies are offering saumas and howling alleys to lure recruits, and others are signing up employees by promising them a family home.

Some companies have traditionally kept dormitory facilities to a minimum, believing that a spartan lifestyle helped cultivate a spirit of self-saccifice. A worker at an energy firm explained that, until the labour shortage, his company would routinely limit nower to

labour shortage, his company would routinely limit power to its workers' housing complex

to cut costs.
But the labour shortage – university graduates had an average of 3.1 companies to choose from last year – and the high and rising price of land in Japan have combined to make housing an important selling point. The property push has disadvan-taged smaller companies, which are less able to provide rooms for individuals.

In Tokyo, the land price surge has slowed, but property prices around the country rose 17 per cent last year, with Osaka, the second largest city, recording a 46.3 per cent increase. Nikkeiren, the employers' federation, said yesterday that the labour

shortage and land prices were both "serious problems." Mr Minoru Tanaka, a gen-eral manager at Nichii, which runs supermarket and department store chains, said the company was "renovating old buildings and constructing new buildings" to ensure that workers will no longer be

forced to share rooms.
"Young people don't want to want to have their own space and freedom. Some young peo-ple work for a while, and then want to leave, so we have to do our best to keep them," Mr Tanaka said.

Tanaka said. "Many single women live with their parents, but we have buildings for those who don't. We have a re-employment system for women who have a baby and want to return a few years later", he said.

Coal and National Power and PowerGen, the two new generators in England and Wales. They will allege that the contracts break EC competition rules because they offer British Coal a higher price than that paid to private coal operators. Power to some of the people, Page 16 and the Federation of Small Mines of Great Britain, repre-senting the private UK coal US-German aero-engine co-operation

industry, are planning to lodge a formal complaint with the Commission this week about the contracts between British Coal and National Power and

the ruling National Party head

quarters in the nearby white

ras denied, howe

Mr Vilakazi repeatedly

emphasised that community

groups which organised the march - the local civic associ-

ation, the UDF and the unions

were committed to keeping
protests peaceful. He denied

police reports that marchers were armed with stones, sticks,

knobkerries and bottles - al

though another UDF official appeared to contradict this,

saying that carrying sticks was a "cultural expression" which did not denote violent intent.

Until Monday, police had shown restraint (by historical standards) in dealing with

unrest. But the violence in Sebokeng highlighted an increase in unrest since the release of Mr Nelson Mandela,

release of Mr Nelson Mandela, deputy president of the ANC, on February 11.

Since then, nearly 250 people have died, the vast majority in faction fighting between rival groups in Natal province. Many have also died in several of the country's 10 black homelands.

town of Vereeniging.



WORLD WEATHER

Continued from Page 1 company's intentions to reduce its relative dependence on ties with French acrospace compa-nies, with which West Ger-many has co-operated for 30

MTU, with turnover of more than DM3bn, manufactures engines for both civilian and military aircraft as well as large diesel motors for ships, locomotives and tanks. MTU's aircraft engine business turns over around DM1.6m (\$900m) a year. Pratt reported last year operating profits of \$946.5m on revenues of \$70m, out of United

Technologies' group total of military engines for the Euro-\$1.26bn on revenues of pean Fighter Aircraft, Tornado Industry analysts consider

that the groups might benefit from links between their Sikor-sky and MBB helicopter divisions and in other aerosapce Some US analysts thought the aero-engines divisions would benefit from the pooling.

Others thought it merely a formalisation of existing links. The link-up could have implications for Rolls-Royce, which cooperates with MTU in

and the Franco-German Tiger combat support and anti tank helicopter programme. Rolls-Royce is also a partner with Pratt and MTU in International Aero Engines, a consor-tium which makes the V2500 commercial jet engine. United Technologies said

MTU would become its "principal partner for Europe and the preferred pariner worldwide." This would not diminish, however. Pratt's commitment to International Aero Engines.

THE LEX COLUMN

The case for a more prudent Pru

Prudential has come a long way towards rejuvenating itself. But the minutiae of yesterday's results suggest that there is still a great deal for Mr Mick Newmarch, the new chief executive, to do. On the one hand, the backbone of the business, UK life assurance, is still firmly profitable, an impression reinforced by the group's 15 per cent dividend increase. Even after stripping away special items such as a less gloomy view of AIDS and the initial impact of an increase in the shareholders' portion of life profits, the increase is an way towards rejuvenating

initial impact of an increase in the shareholders' portion of life profits, the increase is an underlying 40 per cent. The real difficulty lies in the signs that the quality of Prudential's earnings has deteriorated, at a time when the group is still not reaping the full benefits of extra sales flowing through from its five-year old diversification strategy.

The most obvious party to blame for the reduction in quality is the 750-unit UK estate agency chain. It delivered £49m of pre-tax losses in 1989, and the City thinks it could dump another £30m on the Pru's plate this year. The Pru itself is openly sceptical that it will ever see a proper return on its £250m investment. Perhaps equally disturbing is the fact that even after taking in some capital appreciation on its investment portfolio, the Pru is the only myloric metted British insurer on far to content. ho, the Pru is the only major quoted British insurer so far to make a pre-tax loss on its non-life insurance book in 1989.

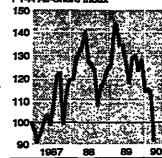
life insurance book in 1989.

The prime culprit there was the sudden £45m upward jerk in losses from Piper Alpha at the Pru's reinsurance subsidiary, Mercantile & General, a surprise on a scale which should have been avoidable. That however may point the That, however, may point the moral of the whole story. Para-doxically enough, aside from Prudential Portfolio Managers, which has financial risk manwhich has financial risk management down to a fine art, perhaps Pru's strongest point is not running volatile, cyclical businesses like M&G. It is probably stuck with estate agency now; but its real forte lies in managing long-term savings. This, fortunately, is where Mr Newmarch comes from too, and where perhaps his efforts should be concentrated.

BA/Sabena

The referral by the UK authorities of the British Airways/Sabena deal raises two problems of interpretation: whether the authorities are really out to block the deal, as opposed to tinkering with it; and how much it means to BA against the consumer down-

Communications Share price relative to the



anyway. BA has already rejected the idea of horse-tradrejected the idea of horse-trading, it also claims — probably rightly — that under the new system of merger regulation starting on September 21, the deal would fall to Brussels. This opens the intriguing possibility that even if the deal were blocked when the MMC comes to report in June, BA could re-submit it to Brussels in September. As we enter the no-man's land between the end of the old regime and the start of the old regime and the start of the new, there is a real risk of a power vacuum in competi-tion policy.

The importance of the deal to BA remains hard to assess. The initial investment of £34m The initial investment of 13am is scarcely material; what matters is what would be spent in the mid-1990s. Add in the vexed question of what a deregulated European industry will look like, and it is perhaps unsurprising that the stock problems. prising that the stock market's reaction to the news yesterday

Carlton/Vickers

There was an odd disparity in the market's treatment of the two parties to the Cos-worth deal yesterday. Vickers' shares were almost unchanged: shares were almost unchanged:
those of Carlton Communications fell 12 per cent. But Carltion's real problem lies elsewhere. Profits so far this year,
the chairman said yesterday,
show a "respectable" increase.
The market takes this to mean
full year earnings growth in
single figures, perhaps as low single figures, perhaps as low as 4 per cent. For the sceptics, this means the last great go-go stock of the Thatcher era is going the way of its fellows.

It would not do to exaggerate this Carlton has net cash in the bank, good products and strong positions in growing markets - even if those mar-kets now seem less proof

turn than was once expected At around 101/2 times this year's expected earnings, it is rated in line with the market. Next year, its supporters say, its growth trend of 15 per cent will be resumed. But that involves, yet again, taking Mr Michael Green on trust; and as the violent seesaws in Cariton's price suggest, there have been two schools of thought on

that for several years now. For Vickers, the attractions of the Cosworth deal go beyond the purely defensive. Though there is no immediate connec tion between Cosworth and Rolls-Royce Motors, Vickers has a good record as a sympathetic owner of up-market assets. It also has in Mr Mich-ael Dunn, Rolls-Royce's engineering director, an executive who grew up with Ford, which takes 70 per cent of Cosworth's

The real price of £153m (after discounting the deferred payments) represents a multiple of 17 for a business whose profits have gone from £4.5m in 1987 to £14.2m last year. There will; be a goodwill write-off of £130m, but Vickers will still shave net cash on the balance sheet. With 40 per cent of sales in the car industry, Vickers is still not the most logical com-pany in the world; but it may be getting there.

P&O

Looking at the 25p drop in P&O's shares to 592p yesterday, one might imagine that a spanking-new cruise liner had run aground shortly after losing Sir Jeffrey Sterling overboard. The more prosaic explanation for the nervousness. nation for the nervousness which pushed the current gross yield on the shares up to 6.6 per cent is that Sir Jeffrey's results statement was cautious, and that the market promptly over-reacted.
Caution from Sir Jeffrey

should actually have come as no great surprise, in view of P&O's exposure to high UK interest rates. After taking out the exceptional profit on the sale of its Taylor Woodrow stake, P&O saw its profits from housebuilding and construction, for instance, dip 14 per cent. It is hard to see much recovery there this year, if any. But the corollary of all this is that P&O's shares are going to have a sharp run when interest rates do eventually come cruise liners, plus the old cash flow standby of UK services are covering the dividend nicely anyway.

Kleinwort Benson

Nippon Seiko KK

Japan's largest bearings manufacturer, has acquired

United Precision Industries Limited

for £145 million

We acted as financial adviser to Nippon Seiko KK

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FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday March 28 1990

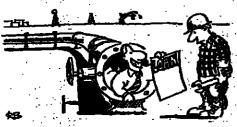


INSIDE

P&O plots a cautious course for 1990

Peninsular and Oriental Steam Navigation, the shipping, construction and services group which unveiled solid pre-tax profits of £376.7m (\$603m) in 1989, is not about to go wild in 1990. "Unless you're a bloody idiot, you have to be cautious," remarked Sir Jeffrey Sterling, chairman, as he warned that the economic climate was "clearly more uncertain then a see each." was "clearly more uncertain than a year ago." Nikki Tait reports. Page 27

Decest_want a loan?



new business. So much so that "they are becoming a nuisance, pestering companies with unsolicited phone calls, offering to lend money and provide financial advice," says one senior oil company executive. Hunter Reynolds reports. Page 25

Hong Kong on the up and up

Hong Kong Hang Seng Index

Hong Kong's stock market has been looking for an excuse to rise during the past couple of months and it appears to nave found more than one. Exceptionally good profits from Jardine by an absence of bad news from China and encouraging noises about Hong Kong's economy from Li Peng, the Chinese prime min-

ister. Now the Hang Seng Index has broken through the elusive 3,000 barrier. Back Page

Opting for independence

Dissent is growing and moves for independence are getting more aggressive. The lead-ership has even been called upon to resign. Brokers at the London Traded Options Market are irritated at the time it is taking for the market to be hived off from its parent, London's international Stock Exchange, Deborah Hargreaves reports. Page 26

A marriage of convenience



Amra, the biggest bank in the Netherlande, and Algemene Bank Nederland, a close number two and arch rival, plan to merge to create a powerful home base for rapid expansion abroad. If the marriage goes would rank sixth in Europe and 19th worldwide. Some securities analysts, however, ques-

tion whether such a new bank would pos the necessary expertise and resources to com-pete worldwide. Page 21

Market Statistics

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London traded options London tradit, options Money scarcets New lot, bond issues World commodity prices
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La Fondiaria

Companies in this section

Amro Banco Ambro, Veneto Bunzi

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Paribas
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Chief price changes yesterday PARIS (FF+)

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Takeover planned for LUI agency

MR JOHN HEAD, owner of Anglo American Insurance, moved yea-terday to take control of H.S. Weavers, the targest underwrit-ing agent for US casualty insur-ance in London, from London United Investments, its present

The takeover, when complete, will mean that London will continue to be a leading centre for the placing of US casualty business despite the suspension of LUI's shares.

The agreement between Anglo American and LUI does nothing however, to clarify the future of

policyholders, whose insurance has been arranged by Weavers in the past. On Sunday the Department of Trade and Industry told

business.

The main purpose of yesterday's agreement was to secure Weavers' future. In the past, 55 per cent of its business was underwritten by Walbrook and 45 per cent by Anglo American. Started in 1987, Anglo American is hased in London and was bought last year by John Head & Pariners, a New York merchant bank specialising in insurance. Mr Peter Wilson, chairman of LUI, said yesterday: "The new arrangement benefits the London arrangement benefits the London insurance market because Weavers can write new business on its

behalf. It benefits LUI because the staff of Weavers' agency can

Walbrook, LUI's main insurance subsidiary, to stop writing new business.

The main purpose of yesterday's agreement was to secure Weavers' future. In the past, 55 per cent of its business was perfectly and the past of the secure was to secure the secure of the secure was to secure the secure that Anglo American be Walbrook and 45 case a lengther solution. to offer a long-term solution." On the future of Walbrook and the six LUI subsidiaries whose lack of sufficient reserves to meet claims precipitated this week's crisis, Mr Wilson said be was still waiting for a final report from Tillinghast, the consulting actu-aries, in the near future. The process of the takeover of Weavers and other underwriting agencies belonging to LIU is complex. In the first instance, Weavers and other underwriting agen-

cies belonging to LUI will be advised on a day-to-day basis by a subsidiary of Anglo American to be called Anglo American Underwriting Management Mr John Cumming, chief executive of Anglo American, was last night reassuring staff at Weavers about their future. Mr Wilson said that in time Weavers and the other LUI underwriting agencies would become part of the new subsidiary.

the new subsidiary.

The newly-constructed underwriting agency will not at first have the same capacity as Weavers had when Walbrook could still write business, but Anglo American was yesterday looking at ways to get fresh capital.

Major insurance brokers may

be disappointed that Mr Head and Anglo American have not done anything to secure the future of Walbrook's policyhold-ers and the six LUI subsidiary companies. But they will be pleased that the facility for US casualty business provided by Weavers is not going to disagness. Weavers is not going to disappear from the London market.

Brokers were yesterday waiting to find out the extent of the subsidiaries' insolvency and the impact on Walbrook. Mr Philip Wroughton, chairman of CT Bowring, the interna-tional brokers, which are a subsidiary of Marsh & McLennan in the US, said yesterday that they had ceased to do business with Weavers last Friday.

'Significant' charge to be taken at Shearson

By Janet Bush in New York

AMERICAN Express and Shearson Lehman Hutton yesterday declined to quantify a charge which will be taken against Shearson's first-quarter earnings to cover restructuring costs at the brokerage subsidiary, but confirmed that it would be "aignificant."

Spokerages from both course.

Spokesmen from both companies said the estimate of a \$700m to \$800m charge by Standard & Poor's, the credit rating agency, roor's, the cream rating agency, was premature because a cost-catting effort initiated at the end-of Jamary was still in progress. The charge will also relate to certain costs likely to arise from a far-reaching strategic review of Shearson's business which is "in Shearson's business which is "in the final throes of stage one eval-uation." Shearson hopes to make annual savings of \$400m. The Standard & Poor's esti-

mate is believed to be the result of an internal analysis at the rating agency but the figures were discussed at a conference last

son expect to announce the charge within the next two weeks. If it is as large as \$700m to \$800m, it would be by far the biggest charge related to a restructuring in Wall Street history, outstripping the \$470m pre-tax charge taken by Merrill Lynch against its fourth-quarter

The spokesmen confirmed the planned charge relates to severance payments to 2,000 employ-ees laid off during the past few weeks, the cost of closing about 50 branch offices in the US and reserves against losses at Shear-son's troubled Balcor property

T&N to buy JP **Industries** for \$190m

By Clare Pearson in London

T&N, the engineering and Tan, the engineering and automotive components group, is making its biggest acquisition in four years with a \$190m recommended offer for J.P. Industries, the US vehicle parts company. The deal will be financed by a complicated rights issue to raise a net £127m (\$203m).

The acquisition, T&N's largest since it paid £278m for UK engineering group AE in early 1987, will transform its position in an automotive components market where vehicle manufacturers are damanding localised support for increasingly international

operations.

When the purchase of JPI is completed, T&N, which has so far had a heavy European bias, will see the North American contribution rise from about 11 per cent to about 25 per cent of sales.

Taking into account \$176m of debt, the total price for JPI is \$566m.

The offer values each share at \$17.3 which compares with \$13.5, the close on the New York Stock Exchange on February 21, the day before JPI announced it was in bid talks.

T&N's shareholders are initially being offered, on a one-for-three basis, one 750 unit of con-vertible stock, with a further equal amount to follow if the offer goes unconditional. But if that should not happen, the second instalment would be can-

Mr Colin Hope, T&N's chair man, said he was confident the offer would become unconditional. But this could not happen until June at the earliest.

In the year to end-December, North America accounted for nearly 70 per cent of JPTs pre-tax profits. As translated on the basis of UK accounting practice, these stood at £14.6m (£13.1m) and net

income at £11.3m (£10.5m).
Turnover, mainly derived from automotive components with a roughly even balance between original equipment and aftermarket sales, was 2252m (2236m). Mr Hope said he believed JPI had performed better than some competitors in difficult market condi-tions, although it had ended last

London market followers of T&N yesterday applauded the acquisition as a strategic move. But concerns that it would dampen short-term performance, already affected by a big European investment programme, afflicted the shares. They closed 19p down at 175p.

The immediate effect of the

deal will be a sharp increa T&N's gearing, currently about 31 per cent.

Vickers agrees £163m deal for Cosworth VICKERS, the engineering, defence and Rolls-Royce cars group, has conditionally agreed to pay £163.5m (\$262m) for Cosdemerge Rolls-Royce Motor Cars, Sir Ron's UK investment vehicle, IEP Securities, has built up an 18.2 per cent stake in Vickers over the past two years, making it the biggest shareholder. Sir David said the deal was worth Engineering, the specialist in high-performance car engines. Cosworth is being sold by Carl-Sir David and the deal was conditional on the defeat of the IEP proposal because if Rolls-Royce Motor Cars was demerged, the industrial logic behind acquiring Cosworth would collapse. However, the Vickers' chairman emphasised that he had estated talks with Cosmoth et ton Communications, the fast-growing video and television services company, which acquired it last May as part of the £450m acquisition of UEI, the digital processing and engineering company. The sale price for Cosworth was at the bottom end of market expectations and Cariton shares yesterday fell 81p to 590p. Cariton started talks with Cosworth at the end of last year — long before Sir Ron suggested the demerger — and insisted that the acquisi-tion of the specialist engine maker was in no way a blocking yesterday fell 81p to 590p. Carnon also sounded a cautions note over its current trading, causing ana-lysts to downgrade profit forecasts. Vickers shares closed at manoeuvre. Mr Stuart Mitchell, managing casts. Vickers shares closed at 210p, down 3p. About 70 per cent of Cosworth's sales are to the Ford Motor Company, which it supplies with engines for the Sierra Cosworth models. Cosworth built more than 150 racing engines last year and commands about half the world's Grand Prix engine market. Its other engine director of IEP, said that on the face of it the Cosworth acquisi-tion looked expensive and would dilute Vickers' earnings. His company would recom-mend shareholders to oppose it-when they met on April 26, he

eers of the deal to win Cosworth: Michael Dunn (left) of Engineers of the deal to win Cosworth: Michael Rolls-Royce Motor Cars and Sir David Plastow, chairs

Page 33

Mr Michael Dunn, engineering director of Rolls-Royce Motor Cars, will become part-time chairman of Cosworth. A former engineering director of Ford in Europe, he joined Rolls-Royce in

Announcing the disposal, Carl-ton said its revenues and profits had shown a respectable increase

for the first four months of the current financial year. This wording was far more cautious than expected and analysis cut their forecasts for pre-tax profits in the current year from about 2175m to hetween £160m and £165m. Lex, Page 19; Driving off with Cosworth, Page 14; Markets,

Davy links with Spie-Batignolles

Vickers will pay Carlton 580.5m in cash and issue non-in-

terest-bearing loan notes of £65m

1991 and January 2 1992, respec-

tively. Cosworth and its subsidiaries will be acquired with cash

Vickers said that in the year to

January 31, Cosworth made a profit before tax, management

charges and exceptional items of

The two groups are already dis-

£14.2m on sales of £52.7m. Net

balances of £20m.

will be about £26.5m.

By George Graham in Paris

market. Its other customers include Mercedes-Benz, Maserati,

Jaguar and Rolls-Royce Motor

Vickers, said the group would consider putting Cosworth engines into its Roll-Royce and

Bentley cars in the longer term.

The acquisition, which is subject to shareholders' approval, is

also conditional on Vickers shareholders rejecting a proposal tabled by Sir Ron Brierley, the

New Zealand businessman, to

Sir David Plastow, chairman of

DAVY, the UK's largest engineering contracting com-pany, is acquiring part of Sple-Batignolles, the French construc-tion concern, in a deal in which

tion concern, in a deal in which
the French group will take a 14.7
per cent stake in Davy.

The British company is buying
Spie-Batignolles' Clecim subsidiary, which dealgns and builds
production plant for steel and
other metals industries, and
which made a pre-tax profit last
year of about \$8.3m (\$13.4m) on
sales of £232m.

Clecim will be merged with

Clecim will be merged with Davy's metals division, with which it has been a main competitor and which made a pre-tax profit of £19.75m on sales of £823m.

The deal is likely to be the start of further close links between Davy and Spie-Batignolles, which is getting 17.4m Davy shares, valuing the transac-

cussing co-operation in contract-ing for chemical engineering plants, construction and alumin-ium. Mr Georges de Buffévent, chairman and chief executive of Spie-Batignolles, will ait on the Davy board, and Mr Roger King-don, Davy's chief executive, will take a seat on the board of the French group. "We are looking for a close, long term relationship with Spie-Battgnolles and they are with us," Mr Kingdon said.

The deal is also a further sign. of the slow move towards alli-ances and cross-shareholdings in European heavy engineering. Such deals include the formation of GEC Alsthom, the holding in TI taken by Mannesmann, and the 35 per cent stake now held by John Brown in Sofresid, a French process plant contractor. John Brown is Britain's second biggest engineering. contractor after Davy.

Mr Kingdon said the deal would greatly strengthen Davy's contracting business for the m als industry, which would rise from 33 per cent to 44 per cent of Davy's total sales of about £1.17hn. The main benefit, he said, was in broadening geographic spread. Clecim is strong in France - with a strong relaship with Usinor Sacilor, the world's second biggest steelmaker - the Benefux countries and Spain, while Davy is stronger in the UK and North America. Both Davy and Clecim have operations in the US.

Though Clecim and Davy have competed head to head, the French business is stronger in downstream activities like steel galvanising lines, while Davy has the lead at the heavier end of steelmaking and in aluminium foil mills. Mr Kingdon said Davy would be the world's biggest met-

Renault falls slightly to FFr8.8bn

By William Dawkins in Paris

RENAULT, the French state-owned car group, yesterday reported a small decline in 1989 net profits from a record FFRShn to FFRShn (\$15bn). The outcome, unveiled by Mr Raymond Lefy, group chairman, is below industry estimates of a FFr10bn profit for the year to

It reflects two large one-off provisions, FFr1.8bn for the clos of the group's factory at Boulogne-Billancourt near central Paris and FFr1.9hn for retirement costs, seid Mr Louis Schweitzer. finance director.

Moreover, Renault has budgeted for a FFr900m tax bill in 1989, after several years of paying little or no tax because of accumulated losses. Group sales performed strongly in Europe, where unit sales of all

types of vehicle, including trucks, vans and cars, rose by 5 per cent over the previous year, well

ahead of the market's average 3.6 per cent growth.

The group sold just over 2hm vehicles of all types last year, 4.7 per cent more than in 1988, of which more than half, 1.1bn,

were exported. Most of the sales growth, however, came from the French mar-ket, as reflected by a slight decline from 52 per cent to 51 per cent in the proportion of turn-over taken by foreign sales. The car division boosted its

pre-tax profits from FFr6bn to FF18.2bn, but the contribution of Renault Véhicules Industriels, the truck division — which published its results last week — swung to a loss of FFr476m from a profit of FFr878m because of the larger than expected loss from Mack Trucks, its 45 per cent owned US affiliate.

At a consolidated level, after deducting for minority sharehold-

slightly, to FFr9.3bn from FFr8.5bn, on turnover up by 8.1 per cent to FFr174.5bn from FFr181.4bn. In spite of the slowdown in

profits growth, coming after a year in which comings had more than doubled, Renault continu to make improvements to its bal-ance sheet. Net debts fell by FFr6.2bn to FFr17.6bn from FFr23.8bn, mostly thanks to improved cash flow, but also with the help of asset sales and a reduction in working capital requirements.

This resulted in a fall in finance charges to FFr2.2bn, or 1.2 per cent of turnover, from the previous year's FFr3.5bn, when they represented 2.1 per cent of sales. Shareholders funds stood at FFr22.5bn at the end of the year, up from FFr14bn. Invest-ments meanwhile climbed by 42 per cent to FFr10.4bn from FFr7.3bn over the same period.



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U.S.\$100,000,000 1% per cent. Notes due 1992 with Warrants

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Pursuant to the respective Fiscal and Werrant Agency Agreements dated 20th July, 1987 and dated 2nd June, 1998 for the Captioned Warrants, Notice is hereby given as follows:

1, Pursuent to a resolution passed at a meeting of the Board of Directors of the Company held on 23rd February and or Directory of the Company such class of resident and an all states of LLS.\$300,000,000 Notes due 1994 with Warrants by public offering, with the Subscription Price of Yen 3,147 per share of Common Stock, which is less than the current market price per share of common stock as set forth in the respective Fiscal and Warrant Agency Agreements, and the payment date being

2. Accordingly, the respective subscription prices per share at to such adjustment of the Warrants issued in conjunction with U.S.\$300,000,600 \$% per cent. Notes due 1993 was Yen 4,004.70 per share of common stock, and the adjusted

tion price is Yen 3,986,60 per share of common stock.

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U.S.\$50,000,000 4 per cent. Convertible Bonds due 1990

and U.S.\$50,000,000 21/4 per cent. Convertible Bonds due 2000

Purguant to the respessive Trust Deeds disted Bin October, 1993 and dated 12th November, 1986 for the Captioned Bonds, Notice is hereby given as follows:

1. Pursuant to a resolution passed at a meeting of the Sound of Directors of the Company held on 23rd February and 1st March, 1990, the Company authorised the laste of U.S.\$300,000,000 Nights due 1994 with Warrants by public offering, with the Subscription Price of Yen 3,147 per share of Common Stock which is less than the current reariest price per share of common stock as set forth in the respective Trust Deeds, and the payment date being 16th March, 1990,

2. Accordingly, the respective Conversion Prices at which the 2. Accordingly, the respective Conversion Prices at which the above-mentioned Bonds may be converted into shares of common stock of the Compeny is adjusted with effect from 16th March, 1990, Japan time. The Conversion Price in effect prior to such adjustment of the Sonds issued in conjunction with U.S.\$50,000,000 4 per cent. Convertible Bonds due 1990 was Yen 1,248,56 per share of convertible Bonds due 1990 was Yen 1,248,56 per share of common stock. The Conversion Price in effect prior to such adjustment of the Bonds issued in conjunction with U.S.\$50,000,000 3% per cent. Convertible Bonds due 2000 was Yen 2,818.80 per share of common stock, and the adjusted Conversion Rive is Yea. of common stack, and the adjusted Conversion Price is Yen 2,906,60 per share of common stock.

YAMANDUCHI PHARMACEUTICAL CO., LTD. By: The Sumitomo Hank, Limes Principal Paying Apent

28th March, 1990

GRAND

U.S. \$188,100,000

Banco Internacional S.N.C.

Floating Rate Notes Due 1991

In accordance with the provisions of the Fiscal Agency Agreement between Banco Internacional S.N.C. and First Interstate Capital Markets Limited, dated as of 15th September, 1986 notice is hereby given that the Rate of Interest for the pext six month interest Period has been fixed at 9.4375% p.a. and that the interest payable on relative interest Payment Date, 28th September, 1990 in respect of U.S. \$100,000 nominal amount of the Notes will be U.S. \$4,823.61.

Reference Agent

First Interstate Capital Markets Limited 28th March, 1990

INTERNATIONAL COMPANIES AND FINANCE

Europeans watch software drama

Alan Cane considers the likely impact of a legal wrangle in the US

judge in Cambridge, Massachusetts, will this Friday take the first steps in a ruling which is being watched keenly by several computer software companies in Europe as well as the

The judge will be deciding whether Mr Frank Dodge, founder and president of McCormack & Dodge (M&D), a leading US computer software house, resigned or was fired from Dun & Bradstreet (D&B), the business information group which has owned M&D since

The decision, which may prove to be only the first step in a protracted legal battle, will have important consequences for European software houses and for the US software and services industry.

and services industry.

The decision will determine whether Mr Dodge is bound by a "non-compete" clause in the contract he signed with his former employer which would force him to wait 12 months before setting up a new com-pany to trade in business soft-

the European computer soft-ware business have an active interest in the outcome. If the ruling is that he resigned, Mr Dodge, one of the

A number of companies in

t-known figures in the US business software sector, will have to kick his heels for a year. If he is adjudged to have



Frank Dodge: did he resign or was he fired?

been sacked he can put into action immediately plans to sell European business software in the US.

Mr Dodge believes that in certain kinds of advanced computer software European com-panies are as much as four years ahead of their competi-tors in the US, and he is anxions to take advantage of the situation. If he has to wait a year, as the non-compete clause in his contract stipu-lates, much of the initiative

Mr Dodge left M&D on February 16 this year just three months after D&B announced it was acquiring Management Science America (MSA), another leading US computing

US convenience store chain,

yesperday reported a net loss for the third quarter on falling sales as the company continues

to suffer from the dual burdens of stiff competition in its main

The Phoenix, Arizona-based company has been struggling

under more than \$1.1hn of debt it incurred during a six-year expansion programme when

base to more than 4,600. Circle K attributed its latest

pany's programme to increase

revenues by raising prices has also backfired, and this contrib-

uted to the decline in sales.

markets and high de

services company and M&D's leading competitor in the mar-ket for business software running on large mainframe com-

D&B said it intended to merge the two companies into a single unit, Dun & Bradstreet Software (DBS), appointing Mr John Imlay, the former head of MSA and another top US computer industry personality, as chairman and chief executive officer. Mr Dodge would be his

Mr Dodge's \$1m suit against his former employer accuses D&B of breaching his employ-ment contract, forcing him out of DBS through methods amounting to constructive dis-missal and hindering his efforts to reestablish himself in the software business.

D&B's counter to Mr Dodge's suit, contained in a 105-page document submitted to the court earlier this month claims that Mr Dodge refused a series of high level positions with the company with a salary of \$300,000 to \$400,000 a year and that his law suit is filled with "serious misrepresentations

The case is generating further unwelcome publicity for D&B at a time when it is attempting to recover from dif-ficulties in its flagship US credit data services businesses, where it has already agreed to settle lawsuits totalling some \$18m. and faces more. Custom-

ers alleged deceptive sales methods and inaccurate infor-

mation. It also underlines the difficulties faced by companies try-ing to establish themselves in the notoriously volatile com-

puting services business.
D&B was noted for its
"hands-off" style of management during the seven years of
its ownership of M&D, during which time the company remained consistently profit-able and the value of its investment rose from \$65m to

r Imlay, whose own company has had a patchy commercial record over the past three years, said he believed Mr Dodge could not come to terms with being asked to play sec-ond fiddle; there was no per-sonal animosity between them. A D&B spokesman said that under the terms of the last job offer made to Mr Dodge he would have had charge of areas of DBS with revenues of about \$100m, while Mr Imlay would have had charge of the company's principal activities in software for IBM computers

Mr Dodge said this week that while he was upset over the way he had been treated, his only interest in suing D&B was ate in the software business.

with sales in excess of \$300m a

Boston group | Circle K slips under debt burden bids \$46m By Karen Zagor in New York for Phoenix CIRCLE K, the second biggest

By Louise Kehoe

NORWOOD Partners, a Boston investment group, has launched a \$48m unsolicited takeover bid for outstanding shares of Phoenix Technologies, a computer software com-pany that provides key systems software to the per-sonal computer industry. Norwood already holds an 8,3 per cent stake in the com-

Norwood, controlled by Daniel Barnett and Paul Reese, both officers of Boston-based Ossis Capital Management, a small Boston money manage-ment firm, intends to offer Phoenix shareholders the option of accepting \$5 per share or to exchange their stock for non-voting ah a newly formed corporation to be merged with Phoenix Tech-nologies as a privately held

A one-time high flier in the personal computer software business, where it is the pri-mary supplier of the hasic input/output system (BIOS) program for IBM-compatible personal computers, Phoenix ran into problems last year when it began to diversify by developing a similar program designed to run on workstations compatible with those manufactured by Sun Micro

Fhoenix reported losses of \$7.5m on sales of \$52.6m for fiscal 1989, ended September, and first-quarter losses of \$4.9m. The company said recently that it expected a similar loss in the convent quarter. flar loss in the current quarter.

Mr Barnett said: "We chose to move at this time because we're convinced that the long-term value of Phoenix can only be realised by taking the

company private now rather than waiting any longer."

Phoenix Technologies said it was considering the Norwood proposal. The directors added, however, that the offer was subject to financing being obtained and the satisfactory

completion by Norwood of a due diligence review.

Calling the Norwood proposal "an illusory offer," the Phoenix board said it believed any discussions with Norwood would not be in the best interests of the company or its

Hongkong and Shanghai picks deputy chief

By John Elliott in Hong Kong

HONGKONG and Shanghai Banking Corporation announced yesterday that Mr Corporation John Gray, executive director in charge of finance, is being appointed deputy chairman from May 8 in succession to Mr Frank Frame, who is retiring from the post.

Mr Gray, aged 55 and the third generation of his family

to work for the bank, will continue to carry out the finance director's functions, which he has handled since December

Mr Frame, 60, is to remain a director and is to work full time on long-term strategy at a time when the bank is preparing to develop its rela-tionship with Midland Bank of the UK.

Six months ago Mr Frame gave up his duties as the bank's legal adviser, which was his first position when he joined the bank in 1977.

The company said it would Shares in the company reduce prices in an effort to

recapture lost sales, after reviewing its marketing and merchandising policies. Circle K's net loss for the three months ended January 31 was \$28.1m or 69 cents a share. against net income of \$12.8m or 22 cents a share on a fully diluted basis in 1989. Revenues in the latest quarter slipped 2.5 per cent to \$872.5m from

Circle K quadrupled its store For the first nine months, the company reported a net loss of lesses to high interest and depreciation costs. The com-\$25.5m or 72 cents a share compared with net profits of \$38.5m or 69 cents a fully-diluted share a year earlier. Revenues advanced 10.5 per cent to \$2.83bn from \$2.56bn.

plunged \$% to \$1% at mid-day yesterday on the New York Stock Exchange. Last year, the company's stock had traded as high as \$16%. Circle K, in common with

other US convenience store

chains such as 7-Eleven, has been hit by fierce competition from gasoline companies who have added convenience stores at petrol stations. Furthermore, US supermarkets have been competing more

aggressively for convenience store customers The company is still hoping to restructure without resorting to filing for protection under chapter 11 of the bankruptcy

Lafarge Coppée advances 16%

By William Dawkins in Paris

boosted by new acquisitions, advanced strongly, by 34 per

Lafarge, which last June paid FF15bn (\$366.6m) for control of Cementia, the Swiss cement group, saw turnover jump from FFr22,7bn to

pany from FF722,7pn to
FF730.4bn.
It forecast further growth in
the current year, to around
FF735bn. Adjusting for new
acquisitions, turnover rose by
an underlying 9 per cent.
Operating profits rose from

LAFARGE Coppes, the world's second largest cament producer, yesterday appounced a 16 per cent increase in group net profits citimbed from pet profits for last year. Sales, first FF33m contribution from plasterboard division fell from the total.

Net earnings included the plasterboard division fell from the total.

Net earnings included the plasterboard division fell from the total.

Lafarge's share in Asland, the leading Spanish cement producer controlled by Operating profits rose in the

cement, concrete, granulates and construction materials divisions on the back of a growth in construction activity in all main markets, except the US where Lafarge nevertheless managed to increase its market share.

Cement is by far the biggest contributor to operating prof-

Operating profits in the plasterboard division fell from FFr325m to FFr234m, reflecting growing international price competition in a European market which had until recently been fragmented into national segments, said Mr Bertrand Collomb, who took over as chairman following the retirement of Mr Olivier Lecerf last August.
Profits in the biotechnology

division, which includes seeds

- which made a loss - and
food additives, fell from FFr219m to FFr212m.

NOTICE TO HOLDERS THE TAIYO KOBE BANK LIMITED

TOKYO Change of Name and Address as Payment Handling Bank

NOTICE IS HEREBY GIVEN to the holder of the securities below that The Taiyo Kobe Bank, Limited, Tokyo as the Payment Handling Bank in Japan will change its specified office address as follows: Current specified office address

The Taivo Kobe Bank, Limited

3-1. Kudan Minami 1-chome, Chiyoda-kn, Tokyo 100-91, Japan Business Dept/Tokyo Main Office New Office Address

The Mitsui Taiyo Kobe Bank, Limited 1-2 Yurakucho 1-chome, Chiyoda-ku, Tokyo 100, Japan. Capital Markets Division Telex: J33405 MITKBK J34713 MITKBK

Effective date of change of office address April 1, 1990

Asics Corporation DM 50,000,000 5% Due 1992 Dai lchi Katei Denki Co., Ltd. USD 90,000,000 5% Due 1993 Konica Corporation USD 50,000,000 4% Due 1998 Minolta Camera Co., Ltd. USD 30,000,000 714% Due 1995 Minolta Camera Co., Ltd. DM 150,000,000 24% Due 1994 Orient Corporation STG.P 15,000,000 8% Due 1995 Rhythm Watch Co., Ltd. DM 100,000,000 14% Due 1993 Taiyo Yuden Co., Ltil. USD 50,000,000 34% Due 2000 Toshiba Engineering and Construction Co., Ltd. USD 50,000,000 34% Due 1992 Toyo Sash Co., Ltd. USD 500,000,000 4%% Due 1993

Citizen Watch Co., Ltd. USD 50.000,000 3% Due 2000 Kobe Steel, Ltd. USD 100,000,000 5%% Due 1991 Konica Corporation USD 50,000,000 4% Due 1999 Minolta Camera Co., Ltd. USD 40,000,000 5% Due 1996 Minoita Camera Co., Ltd. DM 200,000,000 0% Due 1997 Orient Corporation
USD 60,000,000 5%% Due 1997 The Taiyo Kobe Bank, Limited USD 120,000,000 14% Due 2002 Tokyo Keiki Co., Ltd. USD 50,000,000 5%% Due 1992 Toyo Sash Co., Ltd. USD 100,000,000 13% Due 1992 Ushio Inc. USD 150,000,000 44% Due 1993

Ushio Inc. USD 150,000,000 5% Due 1994

KIO chief resigns

from group

MR FOUAD JAFFAR, until MR FOUAD JAFFAR, RICH recently general manager of the Kuwait Investment Office in London, has resigned from the Kuwait Investment Authority, the umbrella body to which the KIO was offi-

cially answerable.

The KRO, which Mr Jaffar headed for the past 20 years, yesterday confirmed that he had resigned in Kuwait on Sat-

urday. The office refused to comthe omes reused to comment on the reasons. However, the resignation follows a prolonged power struggle over control of the Gulf emirate's international investment network, which has assets valued at about \$1000m.

at about \$100bn.

The Knwaiti newspaper Al-Qabas, which reported Mr Jaf-far's departure from the far's departure from the investment authority yesterday, also named Sheikh Fahd Mohammed al-Sahah, a member of the ruling family, as the new acting director of the London investment office.

Al-Qabas said Mr Jaffar's

Al-Qabas said Mr Jaffar's resignation had been accepted by Mr Jassen al-Khorati, Finance Minister, who heads the investment authority.

Mr Jaffar, a Leeds University graduate and investment specialist in his early 40s, had returned reluctantly to Kuwait following the earlier recall there of four of his portfolio

there of four of his portfolio

The struggle for control of the KIO had intensified following Kuwait's embarrassment ing Kuwait's embarrassment over giving up much of the 21.7 per cent stake it had acquired in British Petroleum because of British anxieties over foreign control of a key UK oil company.

It was forced to do so despite attempts by the KIO to depict the purchase of the shares as a straightforward commercial operation.

The KIO holding in RP was increased when the British Government sold its remaining RP shares.

Government som its remaining RP shares.

The Kuwait Investment Authority was set up in the 1980s as an unsirella for the KIO's operations. For a number of years, it has tried to exert control over the KIO. Mr Jaffar's resignation indicates that it has finally succeeded.

Recalled | CGE set to take control of nuclear plant builder

which it already owns 40 per cent.

It was on the point of agreeing to purchase the 12 per cent of Framatome held by Dumez, the construction group, lifting its total stake to 52 per cent, said CGE officials. In exchange, Dumez would take two thirds of CGE Distribution, CGE's electrical equipment distribution subsidiary, with a turnover of FFr2.5im (\$452m).

Analysis estimate the value of the share exchange, which is not being made public, at between FFr1bn and FFr1.2bn.

The deal, to be finalised before the end of April, comes in spite of opposition from Mr Jean-Claude Leny, Frama-

FPr/Sam despite an 80 per cent ilse in turnover to FFr19.6bm. f Dimez is keen to join CGB Distribution to its electrical equipment subsidiary, Groupe-lec, to "constitute the kernel of

a general electrical equipment distributor with a European vocation," said CGE.

Meanwhile, CGE would keep a 34 per cent stake in CGE Distribution and continue to "participate in its develop-ment."

CGE, the French tome's chairman, and would telecommunications and engineering group, was yesterday poised to take a majority stake in Franatome, the leading nuclear power plant builder, in the inclear plant builder in which it already owns 40 per cent.

R was on the point of agreeing to purchase the 12 per cent fifty with 35 per cent and EDF, ing to purchase the 12 per cent fifty with 35 per cent and EDF, ing to purchase the 12 per cent fifty with 35 per cent and EDF, ing to purchase the 12 per cent fifty with 35 per cent and EDF, ing to purchase the 12 per cent fifty with 35 per cent and EDF, in the public electricity utility, of Franatome has forecast a 31 per cent fall in 1969 profits to said CGE officials. In FFF/32m, despite an 80 per cent Steel, a US producer of mechanical wire.

mechanical wire.

BSN, the French food group, amounced growth of 1989 net profit after payments to minority interests by 23 per cent to FF72.698n (\$466m).

Valeo, French car parts group, said consolidated net profit after payments to minority interests rose to FF7936m in 1989 from FF7817m in 1988

1989, from FFr817m in 1988. Revenue rose to FFr19.5bn against FFr16.5bn.

Renault slips after provisions

RENAULT. the French stateowned car group, yesterday reported a small decline in group net profits to FFrashn (\$1.5bm) last year from the

(\$1.5bn) last year from the record FF18.9hn of 1988. The result, unveiled by Mr Raymond Levy, group chairman, is below industry estimates of a FF10bn profit for the year to December. It reflects two large one-off provisions, FF1.3bn for the closure of the group's factory at Bonl. of the group's factory at Boul-ogne-Billancourt near central

Schweitzer, finance director. Moreover, Renault has budgeted for a FF1900m tax bill in 1989, after several years of pay-ing little or no tax because of accumulated losses.
In Europe, unit sales of all types of vehicles, including trucks, vans and cars, rose by 5 per cent over the previous year, ahead of the market's everyone 26 per cent growth

average 3.6 per cent growth. The group sold just over 2hn vehicles last year, 4.7 per cent more than in 1988, of which more than half, 1.1bn, were

Most of the sales growth came from the French market, as reflected by a slight decline from 52 per cent to 51 per cent in the proportion of turnover due to foreign sales.

The car division boosted its

pre-tax profits from Ffr6bn to Ffr62bn, but Renault Véhi-cules Industriels, the truck division — which published its results last week — swung from a profit of FFr878m to a loss of FFr478m because of the larger than expected loss from Mack Trucks, its 45 per cent-owned US affiliate.

Florence insurer sells 20% stake

By Haig Simonian in Milan

Paris, and FFr1.9hm for retire-

ment costs, said Mr Louis

FONDIARIA, FORDIARIA, the Florence-based Italian insurer, has agreed to sell a 20 per cent stake in its main operating company, La Fondiaria Assicurazioni, to Group des Assurances Mutuelles Agricoles

ing company with a 54 per cent interest in La Fondiaria Assi-

Simultaneously, GroupAMA Simultaneously, GroupAMA is buying a 5 per cent stake in GAIC, the financial group controlled jointly by Mr Camillo De Benedetti and Ferruzzi Finanziaria, for L180bn, with a commitment to participate in GAIC's imminent rights issue. In the third part of the deal, the French group is spending a majority of shares in Bavaria Assicurazioni, a small Italian insurer specialising in cover for the agricultural sector. La Fondiaria will retain 50 per cent of ASFER, with the remaining 10 per cent divided between Ferruzzi Finanziaria and Eridania, two members of the Ferruzzi group.

further L14bn on a 40 per cent share in ASFER, the holding company controlling the majority of shares in Bavaria Assicurazioni, a small Italian insurer specialising in cover

charge to be taken

By Janet Bush in New York AMERICAN Express and

Shearson Lehman Hutton yes-terday declined to quantify a charge which will be taken against Shearson's first-quar-

against Shearson's first-quarter earnings to cover restructuring costs at the brokerage subsidiary, but confirmed that it would be "significant."

Representatives of both companies said an estimate of a \$700m to \$800m charge by Standard & Poor's, the credit rating agency, was premature because a cost-cutting effort initiated at the end of January was still in progress.

initiated at the end of January was still in progress.

The charge will also relate to costs likely to arise from a strategic review of Shearson's business which is "in the final throes of stage one evaluation." Shearson hopes to make annual savings of \$400m. The S&P estimate is believed to come from an internal analysis at the rating agency.

American Express and Shearson expect to announce

American Express and Shearson expect to amounce the charge within the next two weeks. If it is as large as \$700m to \$800m, it would he the biggest charge related to a restructuring on Wall Street, far outstripping the \$470m pretax charge taken by Merrill Lynch against its fourth-quarter earnings.

The representatives confirmed that the planned charge related to severance payments to 2,000 employees

naments to 2,000 employees laid off over the past few weeks, the cost of closing around 50 branch offices in the US and reserves against losses at Shearson's troubled Balcor real estate subsidiary.

Balcor real estate substituty.

Balcor is estimated to have a portfolio of \$1.1bn in problem real estate loans, but Shearson has reserves of only \$10m against potential losses.

American Express and

American Express and Shearson yesterday formalised its decision last month to inject another \$750m of fresh capital into Shearson and to buy back all outstanding common shares of the securities subsidiary.

Under a sweetened, definitive marger agreement each

tive merger agreement each publicly held share of Shear-son will be converted into 0.48 of a share of American in the mough sovereignty to make the merger work.

Last September Amro and

'Significant' Banks aim to make sense of double Dutch deal

at Shearson | Laura Raun on Amro and ABN's planned merger

s Amsterdam-Rotter-dam Bank says in its advertising slogan, "Being Dutch isn"t enough." So now it's going double Dutch.
Amro, the biggest bank in
the Netherlands, and Algemene Bank Nederland, number
two and arch rival, plan to merge as soon as possible to create a powerful home base as a launch pad for rapid expan-sion abroad. If the marriage goes through the new bank would rank sixth in Europe and 19th worldwide, and would aspire to be a global player in selected niches including trade finance, merchant banking and

private banking.
Some securities analysts, however, question whether such a new bank would pos-sess the expertise and resources to compete world-wide in merchant and private banking. Consolidating the pair's operations, especially its huge branch network in the Netherlands, will cost before it saves money, they reckon.

"Neither consumers nor cor-porate borrowers will benefit immediately," predicts Mr Mat-thew Czepliewicz, a banking analyst for Credit Suisse First Boston in London. "There are a lot of cultural differences. But in the long term it is a good move and there will be

savings."
Investors reacted mutedly yesterday, their first opportunity to respond to the startling announcement on Monday, when share trading in the two banks was suspended. Shares in both were initially bid up, but closed only slightly higher, ABN at F1 40.20 (F1 40.10) and

Amro at F1 80.60 (F1 79.10). To demonstrate convincingly the merits of their deal ABN and Amro must succeed in the market niches they have selected, cut costs and improve profitability. Higher share prices, which are at historical

lows, would be welcome. Amro comes to the engagement soon after splitting with Générale de Banque Bank of Belgium, with whom the Dutch bank had forged a strategic alliance with an eye toward eventual marriage. But Amro and Générale refused to give

\$4500 (1000 Block Top 1000 Top)

Générale scaled back their co-operation, which could shrink further now.

Amro can little afford another soured relationship and appears a comparison of the country of the

and appears committed to this merger. Likewise, ABN seems relieved to have a partner, despite its earlier talk of braving the banking jungle alone. The couple is beginning to negotiate the marriage contract in earnest only now, hop-ing to achieve a full merger within months. Mr Robert Hazelhoff, chairman of ABN, said haste was demanded by the rapid pace of world events.

ith combined assets of F1 353bn (\$183bn), about 55,700 employees and 1,473 branches in its home market, the new institution would dominate the Netherlands. But some competitors — notably foreign banks
— expect a windfall from corporate clients turning from a
kind of "bank monopoly."

Despite dominant shares of

the corporate and retail mar-kets in the Netherlands, the Dutch Finance Minister and Central Bank have already given their blessing to the planned marriage. Even Mr Hazelhoff and Mr Roelof Nelissen, Amro chairman, admit that such approval before the heat of 1992 would have been

Cultural differences between the two banks are higger than one might expect from the two biggest banks in a relatively small and cosy home market. Both are products of mid-60s mergers, but ABN prices itself on conservatism, stability and reliability. Tracing its roots to an 1824 charter from King Willem I of the Netherlands, ABN has made its name estaring to has made its name catering to blue chip companies and creating a globe-straddling network

of foreign branches.

Amro is more aggressive, having rapidly carved out an impressive market in interna-tional securities underwriting through several big Dutch pri-vatisations and issues last year. Its management is younger and more dynamic.
Mr Hazelhoff and Mr Nelis-

sen were vague on exactly how their merger would take place. But most analysis expect them to form a holding company to

issue new shares in exchange for existing ones at a rate of one Amro share and two ABN shares for one new holding

company share.

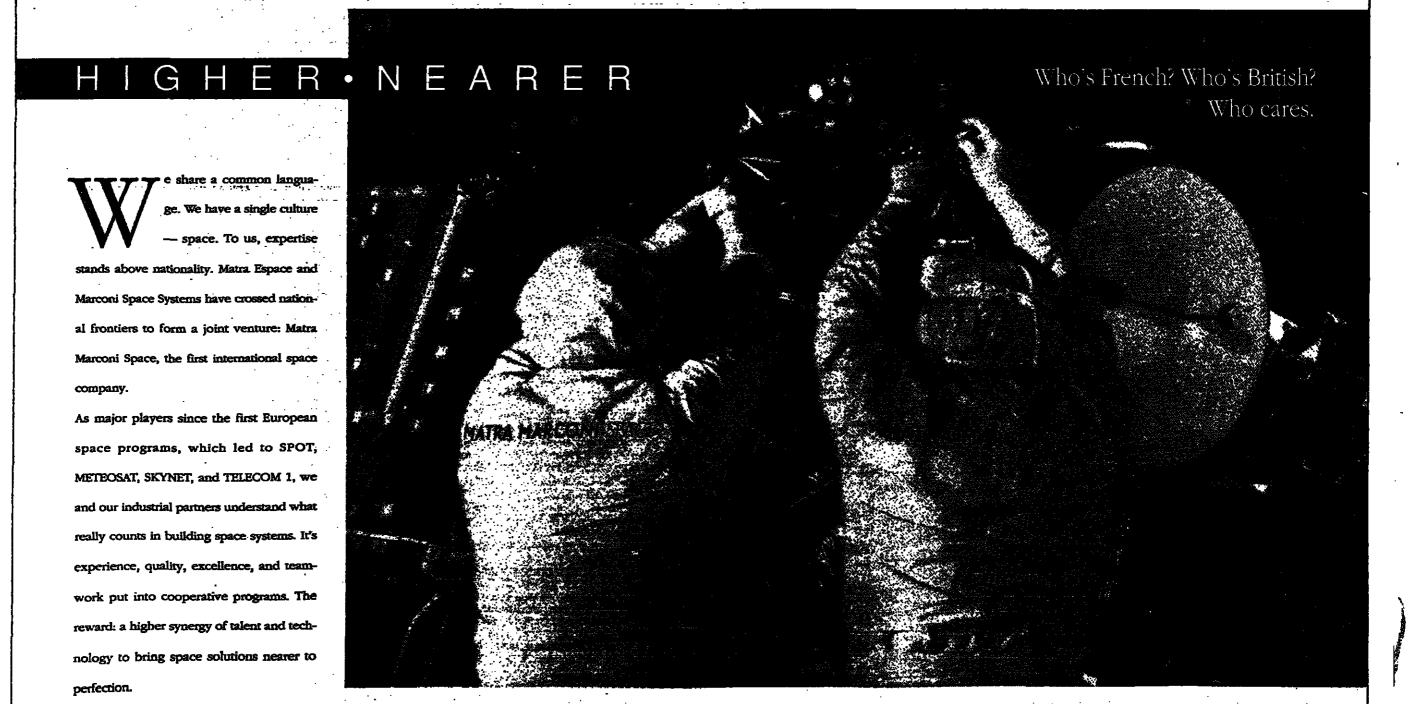
Given its high hopes of becoming a global player, the Dutch couple has singled out trade finance as a key activity, having 375 branches overseas. But analysts are more scepti-cal about the new bank's com-

petitive edge in merchant banking, where neither partner has the clout abroad that it has Opinion is divided on whether Amro's merchant bank subsidiary Pierson, Heldring and Pierson, or ABN's merchant bank subsid-iary Bank Mees and Hope, will be sold. Some analysts believe one must be to avoid overlap, while others argue that selling would amount to "throwing

the baby out with the bath water," since skilled merchant bankers will be needed. Also the new Dutch duo would seek to make a name for itself in private banking, build-ing on ABN's experience with well-heeled clients. But whether it could catch up with the major international banks

A t least 15 per cent of the domestic branch network and labour force need to be cut to yield genuine savings, analysts say. Dutch trade unions yesterday demanded a "social plan" to ensure no forced lay-offs. The banks rejected the demand. Mr Czepliewicz estimates that ABN and Amro together would lose about Fl 265m this year if they immediately absorbed the restructuring costs. But over longer they could save Fl 670m, he adds. He expects little earnings dilution this year from a merger. But he warns: "Investors are frustrated with ABN, which keeps saying just wait until next year for less earn-ings dilution. Over the short term these costs won't help that frustration although in 10 years they probably will."

The newly merged bank would boost Amsterdam's hopes of becoming a financial gateway to continental Europe, according to the two chairmen. To others the link is less clear,



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INTERNATIONAL COMPANIES AND FINANCE

hold back Hypo Bank

BAYERISCHE Hypotheken und Wechsel-Bank, the Munich-based mortgage and commercial banking group, said group net profit rose 11.0 per cent in 1989 to DM284.7m (\$166m) from DM256.6m a year

earlier, AP-DJ reports.

Group partial operating profit, which does not include income from the bank's trad-

income from the bank's trading for its own account, rose 21 per cent to DML01bn from DMS84.m a year earlier.

At the perent bank, partial operating profit rose 6.1 per cent, but full operating profit, which suffered from writedowns on the value of bond holdings increased only 1.1 per cent. Bond writedowns totalled DM79.8m, more than double DM79.8m, more than double the 1988 total of DM32.6m.

Hypo Bank none the less cited an unusually strong rise in its underlying business last year and the profit develop-ments were "pleasing." The company noted continued strong credit demand in the first two months of 1990, but cantioned that there has been an ongoing increase in mar-gin-tightening interest rates as

Hypo Bank said it wants to establish "a comprehensive network of offices" as soon as possible in East'Germany. The bank said it has already has set up 18 "contact bureaux" in the country.

Writedowns Metallgesellschaft sees price fall slowing growth

WEST German metals, mining and engineering group Metall-gesellschaft expects an increase in sales and profits of at least 10 per cent for the first six months to March 1990, allowing the company "to meet its targets" for the rest of the

But both sales and income growth will be slower than in the previous two years because

of the recent fall in metal prices, particularly aluminium and nickel. Mr Heinz Schimmelbusch, the chairman, yesterday said that the expected continued growth, despite the less favourable metals price environment, vindicated the company's diversification strat-

For the entire year 1988/89, the company has already

reported net income of DM204.6m (\$119.3m), up 32 per cent on the previous year, on sales worth DM20.1bn, also representing a rise of 32 per cent. In presenting the results, Mr Schimmelbusch yesterday warned against excessive "euphoria" in the wake of events in East Germany. "Short-term profits cannot be expected," he said.

Repsol raises cash flow and plans to trim staff

By Tom Burns in Madrid

REPSOL, the Spanish state-controlled integrated oil giant which was partially privatised last year, raised its 1989 net profits by 15 per cent to Pta64.4bn (\$596m), Mr Oscar Fanjul, chairman, said yester-day. Repsol's cash flow was up by more than 17 per cent on by more than 17 per cent on 1988 to close on Ptal46bn.

Provisions for employee pension funds and for a planned trimming of the company's labour force represented Pta24bn. Repsol will pay out a pre-tax dividend of Pta90 per share. Pta40 was paid as an interim dividend in December and Mr Fanjul said the outstanding Pta50 would be paid on June 30. In future years, the dividend payout would repre-sent between 40-50 per cent of net profits.

Stressing that Repsol did not own any shares in its own business (treasury stock is common in Spain) and that it had played no part in fixing the price of the company's shares, Mr Fanjul said: "Repsol's price has been formed in conditions of maximum trans-parency." A priority would be to increase its quota of Spain's natural gas market and to con-tribute to this sector's "exces-

Restructuring returns Gechem to profitability

GECHEM, the Belgian chemical concern, swung into profitability in 1989, posting a consolidated group after-tax profit of BFr2.87bn (\$80.6m) compared with a loss of

compared with a loss of BF15.09bn in 1988. Sales of traditional products dipped by about 2 per cent to BF143.45bn from BF144.33bn in 1988. Gechem said it would pro-pose to its general meeting in June an after-tax dividend of BF126.25 a share to holders of preferred stock,

The turnsround came during a year of restructuring, during which Gechem shed some key subsidiaries and acquired other businesses.

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Ambroveneto joins Italian bank trend of rising profit

By Halg Simonian in Milan NET PROFITS at Banco

Ambrosiano Veneto (Ambrove-neto), Italy's largest private-sector bank, rose by 15 per cent to L142.9bn (\$113m) last year. The results for the bank, which took its present form after the merger of Nuovo Banco Ambrosiano and Banco

Cattolica del Veneto last year, compare with the L50bn and L74bn reported by the two banks respectively in 1988. Reflecting the upbeat trend in a string of recent Italian heak results. Ambryospato is bank results, Ambroveneto is raising the total amount being

paid in dividends to L75bn, 20 per cent higher than the com-bined level paid by the two banks while independent. Ordinary shareholders will receive L120 a share, while the bank's three classes of savings share will be paid between L70 and L140 each

On a consolidated group basis, loans to customers jumped by 28.3 per cent to L12,851bn, while deposits increased by 14.4 per cent. Total assets at year end, excluding contra accounts, amounted to L28,055bn.

Siemens and SGS-Thomson link

STEMENS, the West German electronics group, said it will immediately begin to co-oper-ate with SGS-Thomson Microelectronics, the Franco-Italian semiconductor group, in high capacity—micro—controllers, Renter reports from Munich. Siemens said the aim of the

co-operation was to bring to the markets integrated solu-

tions for high-capacity eightand 16-bit micro controllers. As part of the co-operation each group would become a second source for products for the other. SGS Thomson was formed from a merger between the chip activities of France's state controlled Thomson-CSF Spa Ord in July 1987.



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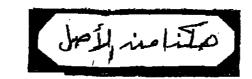
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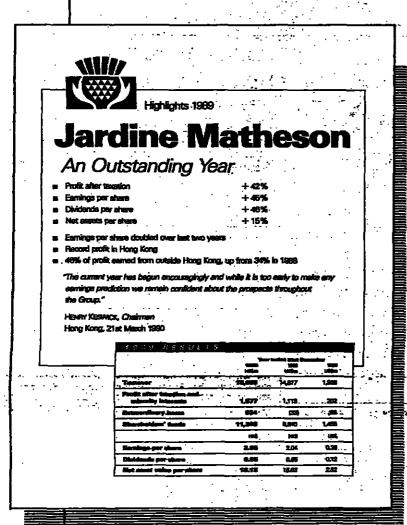


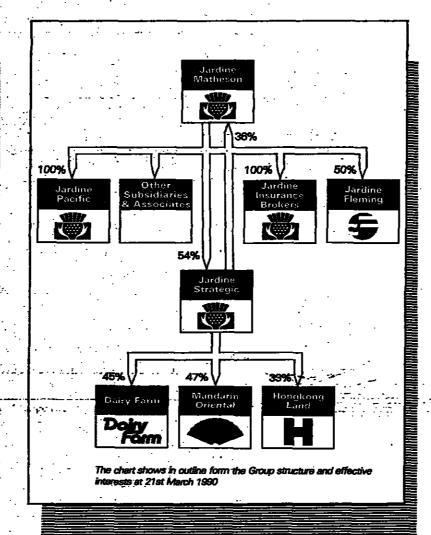


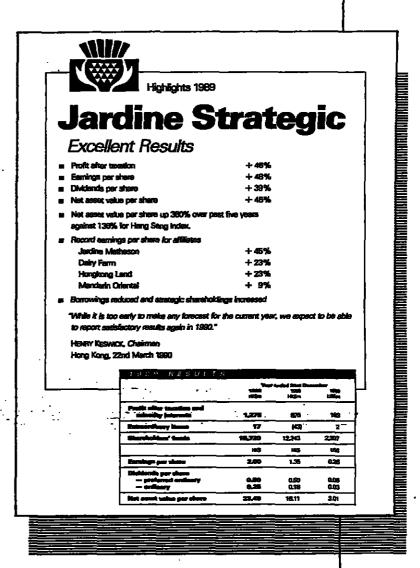
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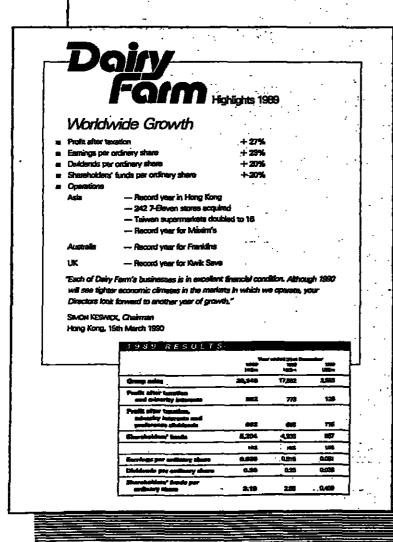
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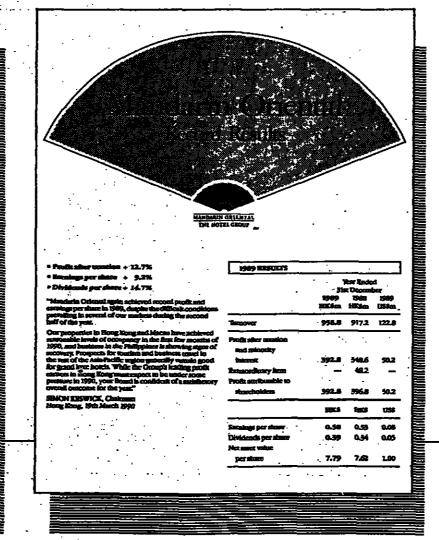
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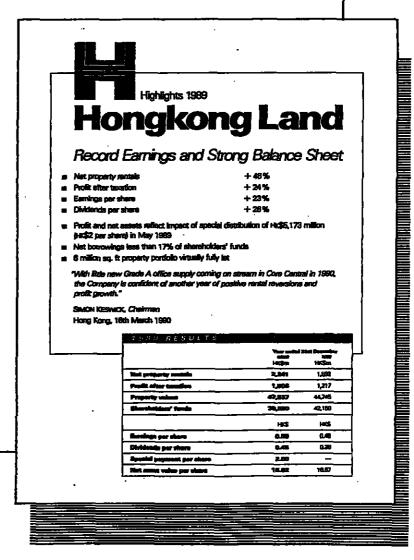












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	31.12.1989 US\$
Cash and due from banks	788,252,952
Reserve requirements	375,492,775
Treasury bonds	381,662,424
Loans	1,024,641,302
Overdue Loans	579,893
Participations	85,868,715
Premises and equipment	128,413,960
Other assets	224,645,719
Total assets	3,009,557,740
LIABILITIES	
Deposits	2,136,950,281
Borrowed funds	41,322,406
Other liabilities	303,432,679
Total liabilities	2,481,705,366
STOCKHOLDERS' EQUITY	
Capital*	216,321,922
Reserves	162,132,823
Profit (after taxes)	149,397,629
•	527 852 374
Total stockholders' equity	74/87/4/4

Balance sheet as at

Total liabilities and stockholders' equity

(Converted at TL 2311.37/US\$1)

Capital has been increased to US\$ 432.6 million as of March 1990

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INTERNATIONAL COMPANIES AND FINANCE

Paribas set for top-level shake-up

By William Dawkins in Paris

PARIBAS. France's top merchant bank, will tomorrow pave the way for Mr Michel François-Poncet, the chairman, to hand over executive deci-sion-making to the current head of the group's higgest subsidiary, but he will retain control over broad strategy. The shake-up, in which Mr André Lévy-Lang would move from his present job as presi-dent of the Compagnie Ban-caire consumer lending and mortsage finance group to to hand over executive deci-

mortgage finance group to become Paribas' chief operating officer, is set to be the biggest at the top of Paribas since Mr François-Poncet took over This follows the recen

costly failure of Paribas' bid

for Navigation Mixte, the food to financial services conglom-

erate, which unexpectedly

counter-attacked by buying 12
per cent of Paribas' shares,
making it the privatised bank's
biggest single shareholder—
an unwelcome presence.
Paribas' confirmation that a
big management change is on the way comes after a day in which nearly 24 per cent of Paribas' capital has changed hands, bringing to 63 per cent the total turnover on the Paris market alone since last Thursday, when the current bout of speculation began. Heavy buying has been variously attributed both to allies of Paribas

come of a longer-running debate between Paribas, its shareholders and its former government owners over the desirability of allowing one

a big increase in its stake.

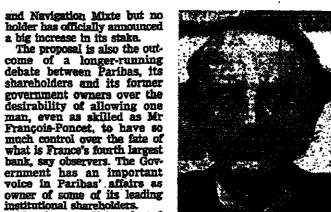
man, even as skilled as Mr François-Poncet, to have so much control over the fate of what is France's fourth largest bank, say observers. The Gov-ernment has an important voice in Paribas' affairs as owner of some of its leading institutional shareholders. The change will be adopted in principle at tomorrow's reg-ular board meeting, at which

Paribas' annual results will also be ratified, for final agree-ment at an extraordinary meet-

ing of shareholders at the end

of April or in early May. Last year's net profits are expected to have risen by 30 per cant to FFr3.4bm (\$588m), well ahead of Paribas' original forecast. Navigation Mixte will be an important voice at the shareholders' meeting needed to approve the change, although

Paribas officials point out that Mr François-Poncet had 65 per cent of the votes behind him at the last shareholders' meeting last month. Seeking an accord with Navigation Mixte would be one of Mr Levy-Lang's top



André Lévy-Lang: an innovative leader

The proposal, which is understood to have Mr Francois-Poncet's support, would replace the current single management board with a two-tier arrangement, a supervisory body responsible for setting strategy, under the chairman-ship of Mr François-Poncet and an executive management board under the chairmanship of Mr Lévy-Lang. Paribas' main shareholders

would be represented on the supervisory board, while the executive body would include five to six bank directors drawn from the current board.

come of several months of intense behind-the-scenes discussion among Paribas man agement and shareholders. Paribas executives were keen to get more management say in the wake of the failure of the bid for Navigation Mixte, while foreign investors were also pressing for better representation for similar reasons,

Paribas officials point out that the two-tier organisation, similar to West German practice, would not be a significant break with the past, since the bank was run on those lines before nationalisation

The main alternative to Mr Lévy-Lang, who has won a reputation as a popular and innovative leader at Compagnie Bancaire, was Mr Gérard Eskenazi, head of Pargesa, the financial holding group which owns 5.5 per cent of Paribas. Mr Eskenazi had little support from the Government, a

legacy of his opposition to the nationalisation of Paribas in 1982 when he was its managing director. The bank was priva-tised by the right-wing administration in 1987.

Another deciding factor was

the decision of UAP, the largest state-owned insurance company, which owns 5 per cent of Paribas, to support Mr Lévy-Lang in preference to Mr Eskenazi.

Pargesa to hold dividend despite write-off

By William Dullforce in Geneva

PARGESA HOLDING, the sa's 13 per cent indirect stake Swiss parent of the financial and industrial group headed by Mr Gérard Eskenazi and Mr Albert Frère, plans to pay shareholders an unchanged dividend for 1999 in with of dividend for 1989 in spite of taking a SFr200m (\$130m) loss on the collapse of Drexel Burn-ham Lambert, the New York investment bank.

Net consolidated earnings for 1989 stood at SFr204.6m but the board yesterday approved the complete write-off of Parge-

in Drexel, which filed for bankruptcy last month after run-ning into liquidity problems with its junk bond operations. On February 15 Pargesa had said it intended taking the loss on to its 1989 account

The consolidated net profit of SFr4.6m compares with the SFr160.2m the group posted in 1988 and the SFr106.5m it reported at the half-way stage

Pargesa Holding's statutory to raise its stake in both com-

accounts for 1989 show a net panies. At the end of the year Pargesa held 31.1 per cent of GBL and 28.6 per cent of Parincome of SF180m, or SF169.2 per share, down from SF190m, or SF182.3 per share in 1988. The decrease reflects the Drexel write-off. The dividend is maintained at SF165 a share.

Last year Pargesa increased its capital by SFr312m through a rights issue and a convertible bond, enabling it to subscribe to capital increases in Groupe Bruxelles Lambert in Belgium and Parfinance of France, and Shortly after Drexel filed for

bankruptcy last month, Mr Paul Desmarais, chairman of Power Corporation of Canada, announced that he was increasing his stake in Pargesa to 25 per cent and would co-operate more closely with Mr Frère and Mr Eskenazi in developing the Swiss-based holding company.

Murchison mine may be forced to shut down

By Jim Jones in Johannesburg

CONSOLIDATED Murchison, the South African mining company which produces about 12 per cent of the world's anti-moty, is on the brink of clo-

Murchison's mine, near the northern Transvaal town of Gravelotte, employs about 1,600 miners and has been running at a loss since mid-1989 as world antimony markets company's sales deteriorated. Problems were compounded by a decline in gold production as residue dumps became

Mr Michael Hawarden, the chairman, said a decision on the mine's future would be taken within three weeks, but was reluctant to elaborate until then.

In his 1989 chairman's state ment he warned that produc-tion of antimony sulphide con-centrates was unlikely to increase in 1989-90 and that sales would be restricted to current production levels as concentrate stocks had been concentrate stocks had been run down to low levels. However, he postulated an increase in mining rates over time as there was a ready demand for concentrates even though prices were depressed. In the last financial year the mine produced \$,838 tomes of antimony concentrates with a \$8.85 per cent metal content. Johannesburg mining analysts believe expansion is no longer

believe expansion is no longer a prespect and that Murchison is having difficulty selling its concentrates. They say the mine is unlikely to re-open, should it close believe expansion is no lon

should it close.

Murchison has been one of the most reliable suppliers of clean concentrates for many

Murchison's financial difficulties grew during the final six months of 1989 as the oper-ating loss rose to R4.9m (\$1.14m). This, coupled with capital expenditure of R2.4m, eliminated the mine's end June net current assets of R6.5m. Further losses have been incurred in this year's March quarter and the mine's controlling shareholders are undecided about financing further

Cathay Pacific 17.6% ahead

By John Elliott in Hong Kong

CATHAY PACIFIC Airways, Hong Kong's international air carrier which is a listed subsidiary of the Swire Pacific group, yesterday declared attributable net profits of HK\$8.32bn (US\$425.6m) for last year, up 17.6 per cent. Turnover was up

17.5 per cent. Termover was up 14.4 per cent to HK\$17.28bn.
During the year Cathay operates on a load factor of 75.6 per cent which was marginally above the previous record level achieved in 1988. Profits were hit by increased costs, but there was a "substantial improvement" in returns from invested funds, the company

A total of 7.1m passengers was carried during the year, a 14.5 per cent rise, and passenger revenues grew 17,1 per cent to HK\$13.80bn.

A weaker yen partly

accounted for a reduction in the long-term unrealised exchange loss on foreign currency financing from HK\$4.18bn at the end of 1988 to HK\$2.73bn on December 23.

Cathay has been in the head.

Cathay has been in the head.

Innes during the last few is being recommended, making months because it has taken a total for the year of 42 cents.

joint control with Paking. owned China International Trust and Investment Corpora-tion (Citic) of Dragonair, Cathay's small local rival. Next month it is handing over to Dragonair its flights to Peking and Shanghai, but it hopes to benefit overall through its new 30 per cent stake (plus a fur-ther 5 per cent held by Swire Pacific) from an expected grad-

ual expansion of Dragonair's China services, The company said load fac-tors in 1990 were expected to remain high, particularly for passenger traffic. Capacity is planned to be increased by 20 per cent to meet the demand. Last year capacity was boosted

• Television Broadcasts (TVB), a local station, showed a 16 per cent drop in 1989 after tax profits to HK\$357m, due mainly to soaring staffing costs and stiff competition,

Turnover rose 8 per cent to HK\$1.34bn, and the total dividend is being lifted to 60 cents from 50 cents. The group was reorganised in November 1988. The spun-off TVE (Holdings) edged up net profit 2 per cent to HK\$49m.

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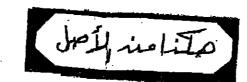
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FINANCIAL TIMES WEDNESDAY MARCH 28 1990

INTERNATIONAL CAPITAL MARKETS

fall back tactics

senior oil company executive in the Gulf said: "Banks in this region are a nuisance. They pester us endlessly with unsolicited phone calls offering to lend money and provide financial advice."

cial advice."

The complaint reflects the growing aggression of banks in the region as they seek desperately to drum up new business. Since 1964, the number of off-shore banking units based in the Guif laboral state of Bahrain has fallen from 74 to 55. International bankers, expect International bankers expect the trend to continue. They predict that more smaller OBUs will be forced to case operations in coming months and that the bigger banks will reduce their presence further.

In recent months there has been a marked improvement in the economic environment of the Gulf states following the ceasefire – nearly two years ago – in the war between between Iraq and Iran and an upturn in crude oil prices.

Gulf states have begun a cautious programme of new investments including alumin-ium projects in Bahrain, Dubai and Saudi Arabia; big fleet expensions are planned by the Bahrain-based Gulf Air and Dubai's Emirates airline; and

Hunter Reynolds on a new era of growing competition among banks in Bahrain

programmes to increase crude oil and natural gas capacity are underway in Saudi Arabia, UAE, Qatar and Oman. Most projects are expected to, er already have, result in capital

But international bankers in the region complain of their inability to capitalise from the iraq. The former has embarked on a strict policy of not borrowing from western banks while Iraq has borrowed directly from banks in the West bypassing the regional banking centre in Bahrain.

thead

S

In spite of the modest upturn in growth, foreign banks are being squeezed by increased competition from local Arab banks. Many areas which used to form the core business of the foreign OBUs such as streight commercial lending and trade finance, are being taken over by local banks which have started to compete with ever-increasing effective

Bahrain has also lost its time zone advantage which in the past made it a centre of regional treasury operations. Better communications and a willingness by other market to work longer hours has meant that most treasury busi-ness has been switched to Singapore or London.

Bahrain's OBUs have been left to chase after the financing of the few large projects coming out of the Gulf Co-operation Council states. The fact that most of the region's significant infra structure programmes were completed before the recession in the mid-1980s means the number of new projects will be limited. And bankers add that tougher capital adequacy rules

- which, with the exception of
Saudi Arabia, place most Gulf states in a high-risk category
- will act as a distinct disincentive to bank lending in the

region.
Lloyds Bank of the UK moved out of Bahrain in 1987, setting up its regional operations in Dubai. There is increasing competition for resources especially from Rurope for civil engineering projects," says Charles Neil, Lloyds' area manager. "The capital adequacy rulings mean the Gulf is no longer as attractive for foreign banks." Local Arab banks with access to cheap funds from local deposi-tors and which traditionally have been prepared to accept a

lower return on assets are expected to fill the gap.

The large foreign banks, especially the US banks, are especially the US banks, are looking to fee-generating business as a way of staying in the market. In particular, they are offering their expertise in sophisticated capital market operations to local institutions. "We are trying to move upmarket," says the head of one US bank. "We want to offer products like currency options. products like currency options, portfolio management, securitisation, underwriting of loans, and financial advice.

and financial across-increasingly, foreign banks are looking for link-ups with local institutions, strategic alli-ances in which the domestic banks bring the clients and the foreign banks offer the exper-

"We are are here by virtue of history and because we need a centre in the Middle East." says the head of a big US bank. "But the fact is that I've inherited a structure that does not fit the business I want to do." Many bankers find themselves in just this position. A further round of rationalisation by banks in Bahrain looks

firmly on the cards.

Gulf banks Frankfurt unveils plans to on hard sell update clearing system

By Katharine Campbell in Frankfurt

state of Hesse's central bank in Frankfurt yesterday unveiled plans to modernise the interbank clearing system and plake the West German financial markets more attrac-

A pilot group of 14 demestic centration in terms of number and international banks has of transactions is much less, began to hook up to the electronic clearing system is tronic clearing system which is in principle similar to existing it all goes well—will even I networks in other financial mally replace the existing process involving messengers and countless pleces of paper. The pilot phase will lest about ax months.

in the general move to eston up with other European finan-cial markets, the West Germans are leaning heavily on technology. The German derivatives exchange, opened in January, is fully computerised; and there are plans for the electronic trading of leading demostic equities by the end of domestic equities by the end of

this year.

Meanwhile, Hesse's initiative further confirms the concentration of new systems in Frankfirst and the further erosion of Easter, accounted for about regional stock market configuregional stock market configurations. Some 97 per cent of domestic and foreign D-Mark payments by value (around DM400bn daily on average) is in Frankfurt, although the con-

capitals — such as Chips in
New York, Chaps in London
and Sagitairs in Paris.

However, the regional bank
has made use of more recent
technology to provide an interface with banks' existing
in-house systems instead of
having a single, and very
rostly bardware and software costly, hardware and software network which participants

The system is being intro-duced gradually. Turnover on the first day was around DM11bn, rising to DM20m yesterday.

The 14 pilot banks, which should all be hooked up by

over under the old system.
When the system is properly functioning the participants will know the final status of their cleared positions three hours earlier than under the old paper-laden and labour intensive process — conse-

Between 40 and 60 institutions are expected to sign up for the clearing process at a cost of between DM100,000 and DM500,000 per member, depending on how advanced their existing in house systems

are. More may be interested as the Bundesbank proceeds over the next couple of years with its so-called "open communication" project which involves further electronic interfaces with the banking system, and which will also allow a greater computerised exchange of mation between individ

Success for Polish bank issue

By Christopher Boblnski in Warsaw

THE public share subscription per cent. Last autumn another aimed at privatising Bank, Iniciatyw Gospodarczych, the Bank Komunalny in Bydgosacs small Polish commercial bank. (BBK), sold 9,985 shares at the has been "significantly over-

The successful conclusion of the share issue, open to foreign investors as well as the Polish private sector, means that the shareholding in Bank IG lield by state sector companies has fallen from 99.3 per cent to 41.3

56 per cent the private sector share of the bank's capital. The BBK is planning a fur-ther issue of shares next month which will be open to

the central bank.
At the Bank IG, 1,003 applicants offered to buy 22,857 shares against the 15,000 shares which went on sale in

Foreign investors, which will be limited to 20 per cent, applied to buy 39.4 per cent of the issue.

The issue was advised by First Europe Equity and Bond

FT INTERNATIONAL BOND SERVICE

foreign investors and allow them to purchase up to 20 per cent of the issue, a limit set by

Listed are the latest intere	ations	l bont	ls for	which ti	ere is	an adequate secondary marks	Ł		• •	•		
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Newport Beach, California

\$100,000,000

Corporate letter of credit facility

Provided by

Bayerische Vereinsbank Aktiengesellschaft

Commerzbank Aktiengesellschaft

Credit Lyonnais

Swiss Bank Corporation

Morgan Guaranty acted as financial advisor to The Irvine Company in this transaction

JPMorgan

Banco di Roma USD 200,000,000 floating rate depositary receipts dne 1999

visions of the notes, notice is hereby given that for the interest period March 28, 1990 to June 28, 1990 the

vant interest payment date 28th June 1990 will amount to USD 2,172.22, - per USD

CONTENUATION

WESTINGHOUSE INTERNATIONAL CAPITAL, LTD.

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Real Estate Investments -Leveraged Acquisitions -

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Martin Rees, Managing Director

US. \$100,000,000

GW Overseas Finance N.V.

Guaranteed Floating Rate Notes Due 1994 Unconditionally guaranteed by



Great Western Financial Corporation

Interest Rate

813/16% per annum

28th March 1990

Interest Period

28th September 1990 Interest Amount per

U.S. \$10,000 Note due 28th September 1990

U.S. \$450.42

Credit Suisse First Boston Limited Agent Bank

US. \$100,000,000



Kemira Oy

Floating Rate Notes Due 1995 of which U.S. \$75,000,000 has been issued as the Initial Tranche

Interest Rate

813/16% per annum 28th March 1990

Interest Period

28th September 1990 Interest Amount per

U.S. \$10,000 Note due 28th September 1990 U.S. \$450.42

Credit Suisse First Boston Limited

Agent Bank



Santa Barbara Savings and Loan Association

(Incorporated under the laws of the State of California)

U.S. \$400,000,000 Collateralized Floating Rate Notes due September 1996

is hereby given that the Rate of Interest has been fixed at 8.5625% p.a. and that the interest payable on the relevant interest Payment Date, June 28, 1990, against Coupon No. 15 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2,188.19.

March 28, 1990, London By: Clobank, N.A., (CSSI Dept.), Agent Bank CITIBANC

ENI INTERNATIONAL BANK LIMITED

Guaranteed floating rate notes due 1993 Unconditionally and irrevocably guaranteed by Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the notes, the rate of interest for the interest period March 27, 1990 to June 27, 1990 has been fixed at 8½% per annum. Interest payable on June 27, 1990 will be US\$217.22 per note of US\$10,000.

Agent: Morgan Guaranty Trust Company

JPMorgan

INTERNATIONAL CAPITAL MARKETS

Brokers call for options management to resign

By Deborah Hargreaves

IN A measure of the frustration that is seething among brokers on the floor of the London Traded Options Market, some of them are calling for the resignation of the exchange's entire manage-

Members of the options exchange are irritated at the time it is taking for LTOM to be hived off into a separate company away from its parent, London's International Stock Exchange. A group of leading brokers are even threatening to set up their own breakaway exchange if LTOM does not gain its independence soon. There are signs, however,

that the stock exchange is moving towards an autonomous LTOM, and it is understood to have agreed in the past two weeks that its options arm can now apply for recognition as an exchange in its own right. LTOM says this involves it making an application to the UK regulator, the Securities and investments Board, which it plans to complete by June.
This could mean LTOM will
operate as an autonomous
body by the end of the year a move that will be widely welcomed by options brokers who believe LTOM's development has been hampered by stock

exchange bureaucracy.

LTOM has fallen behind its European rivals in carving out a market niche and has failed to attract the retail investor which is a mainstay for the world's busiest options markets. The European Options Exchange in Amsterdam traded 25 per cent more options contracts than LTOM last year and London's volume has dropped even further so far this year. LTOM regularly trades little more than 35,000 Once LTOM is set up as an

independent exchange, it will be in a stronger position to pursue more closely co-operation talks with the London International Financial Futures Exchange. Liffe would like to merge with LTOM, but the two exchanges have so far confined their discussions to the subject of a joint trading

Both exchanges are involved

in discussions to set up a derivatives users group in London which would act as a trade organisation to promote the growth of futures and options in the UK. The group has received the tacit support of the Bank of England which sees derivatives playing an important role in London's position as a financial centre. Changes in the tax treatment of derivatives which were included in the recent UK budget will give a boost to London's derivatives markets.

Gilts fade as post-Budget rally fizzles out

By Andrew Freeman in London and Janet Bush in New York

MONDAY'S rally in UK government bonds proved short-lived as gilt prices fell back yesterday in thin trading. Only the steadiness of sterling stopped the market dropping further.

Analysts described trading as mainly technical, with activ-

GOVERNMENT BONDS

ity driven by book positioning on the futures market. Most gilts fell by between 1/2 and 1/4

The benchmark 11% per cent stock maturing 2003-07 was trading around % point lower at 98% to yield 12.01 per cent. Analysts said the retreat finally proved that the post-Budget rally in gilts had been mainly technical, backed by lit-tle fundamental support.

Most investors are concentrating on short-term worries about inflation, where the out-look remains pessimistic. Divisions within the ruling

Conservative Party are threatconfidence in sterling, particu-

BENCHMARK GOVERNMENT BONDS 91-20 -04/32 13.44 13.46 12.58 88-30 -19/32 12.55 12.46 11.58 81-02 -22/32 11.46 11.36 10.83 10.000 10.500 9.000 4/93 99-29 - 8.51 8.62 8.55 100-16 -03/32 8.45 8.57 8.58 US TREASURY 8.500 8.500 88.0403 -0.811 7.34 88.4699 -1.163 7.21 12/99 90.6500 -0.550 8.57 8.69 8.71 GERMANY FRANCE BYAN 9.250 12/99 90.5500 -0.250 10.85 10.68 10.51 01/00 93,3200 -0.170 8.78 8.90 8.94 METHERLANDS 7.750 12.000 7/99 92.5015 -0.098 13.40 13.25 13.26 ondon closing, "denotes New York morning session father I seet worket standard Prices: US, UK in 32nds., others in decimal

Technical Data(ATLAS Price Sources

larly as local anthority elections in May draw nearer.

IN West Germany, a bright opening as traders tried to break through recent highs prefaced a sharp turnsround when lack of momentum caused prices to drift back

across the board. The June bund futures contract quickly traded towards its high at 83.87, heading for

the 84.00 resistance level, but then went into reverse. Towards the close of trading in London, the contract was quoted around 83.31, down more than 25 plennigs on the day in moderate volume of

around 38,000 contracts.

The cash market broadly followed the futures, with most bunds 10-15 piennigs lower at the morning fixing. The benchmark 7% bund maturing 2000

was fixed 20 pfennigs lower at 95.23 to yield 8.48 per cent, against 8.44 per cent on Mon-day's fixing. In later trading, it was quoted around 95.00, a fur-ther 25 pfennigs lower.

Dealers blamed the lack of follow-through on political uncertainty surrounding the position in Lithuania. How-

ever, most analysis said this was had only a marginal effect. Investors' main concern remained the implications of monetary unification.

■ IN Japan, trading followed its recent pattern with prices closing at the day's low. Activity continued to dry up ahead of the end of the financial year on Friday, and the subdued performance of the yen against other leading currencies did lit-tle to stimulate interest.

The benchmark 119th issue was yielding 7.36 per cent at the Tokyo close, against its opening level of 7.195 per cent.

■ US Treasury bonds slipped a little in very quiet trading yes-terday morning. There was no economic news to focus on and business was cautious in advance of the sale of \$10bn in

two-year notes. At midsession, short-dated issues were around snort-cated issues were around it point lower while the Treasury's benchmark stood around % point down from Monday's close to yield 8.47 per

Overseas financial markets, which have provided much of the focus for Treasuries recently, provided little sense of direction yesterday. The Nikkei 225 stocks index closed slightly lower in Tokyo while the dollar was a touch higher. At the New York midsession, the dollar was quoted at Y157.70 from an earlier low in

the US of Y156.70. Market analysts said in advance of the two-year auction that demand should be healthy because of the rela-tively high yields in this area of the market. The two-year sale is followed today by a sale

of \$8bn in four-year notes. Another background concern for the market was the start of the regular meeting of the Fed-eral Open Market Committee. The consensus is the commit-tee will leave monetary policy unchanged for the time being tintil some of the economic evi-

ous floater launched in Decem-

state railway, also priced at Libid flat, which yesterday traded well over its par issue price. The ENEL deal, callable

after one year, was priced at 100.50 and carried fees of 70

Meanwhile, in Germany,

Hydro-Quebec issued a

DM500m 10-year floating rate note via Commerzbank which

ber for Ferrovie, the Italian

Concern grows over buy-ins

A LEADING UK marketmaker yesterday added its voice to concerns that the spate of buy-ins in the long-dated Eurosterling market has dam-aged secondary market liquid-

Barclays de Zoete Wedd said the recent trend could result in corporate bond market. It urged London's International Stock Exchange to alter exist-ing rules which allow an issuer to buy up to 4.9 per cent of a bond without making any statement as to its intentions

ling bonds at BZW, said: "There has been a clear deteri-oration over the last 10 days in the liquidity of selected long-

Other marketmakers confirmed that no prices are available on several stocks where dealers are unsure of the

issuer's intentions.

The recent buy-ins by companies such as Hanson and Trusthouse Forte have occurred as borrowers have taken advantage of a beneficial tax break to exploit the col-lapse in prices which has driven many issues to substan-tial discounts. Often a small, paper.

Mr Tony Smith, head of sterilliquid rump of an issue is left

in the market. BZW asked the ISE to make it compulsory for a borrower to announce any purchase of its own debt, no matter how small, within 24 hours. It also said issuers should make clearer state-ments at the outset of any

An ISE official said the exchange was aware of the problem and had been discussing possible solutions with a variety of market practioners. On Monday, the Republic of Ireland became the latest issuer to buy in its debt when

it announced that it had repur-chased £3m of its £50m Bulldog

Primary market activity remains severely depressed

around 38,000 contracts.

IT is the absence of activity that has become the most stunning feature of the primary sector of the Eurobond market. Indeed, yesterday, with only one new issue emerging from a London-based syndication team, dealers were left to ponder the changes that have

INTERNATIONAL **BONDS**

occurred in the underwriting business over the past year. Uncertainty about interest rates has driven investors to the sidelines, inducing them to hold funds in cash. However, in previous cycles of interest rate uncertainty, underwriters have been willing to offer borrowers the opportunity to raise funds at rates below those which investors were willing to accept. This translated, typically, into losses for the lead manager and for members of the underwriting syndicate.

Now, changes in the under-

. NE	BOND	ISSUES				
Borrower D-MARKS	Amount m.	Coupon %	Price	Metarity	Fees	Book runner
Hydro-Quebec(a)‡◆	500	(2)	100	2000	20/10bp	Commerzbank
LIRE ENEL(s)‡ 	500bn	(e)	100.50	2000	70/40bp	Banco di Roma
ECUs Compagnis Bancaire(f)♦	60	1112	201.95	1992	112/5	Banque Paribas
SWISS FRANCS Oest. Laenderbank(b)##	100	54	100	2000	n/a	Handelsbank NatWest
YEN Toronto-Dom.Bk(Cayman)(c)◆	50a	(c)	101%	1996	13/14	Sumitomo Trust Int.
FROGEH MARKKA Fastighetsbanken(d)◆	100	13	л/а	1995	n/a	Privatbenken

With equity warrants. #Floating rate notes. • Final terms. e) Coupon pays 6-month Libor flat. Non-callable. b) Each SFr5000 has one warrant to purchase 57 participation certificates at Sch667 each. Exchange rate Sch100 per SFr12.59. Exercise period: 13/6/90 to 16/5/95. c) Coupon pays 10% first year, then 5% thereafter. Redemption linked to Nildes stock index. d) Tap issue - up to FM750m may be issued until end December 1990. Non-callable. e) Coupon pays 6-month Libid flat. Call at per on coupon dates from April 1991. First coupon set at 12.7%. (f) Non-callable.

writing rules have made it vir-tually impossible for lead managers to pass on the cost of stabilising an unprofitable deal to competitors, forcing them to think twice about bringing a deal to market. Also, the recent concern about profitability generally, especially in light of the collapse of the Jap-

anese equity warrant Euro-bond market, is discouraging lead managers from buying market share with unprofitable deals.

tor anxiety about worldwide interest rates, the two signifi-cant deals which did emerge vesterday - both launched out-

side London - paid interest at floating rates. Ente Nazionale per l'Energia Electrica (ENEL) issued a L500bn 10-year callable floating-tate note, paying interest at alx-month Libid. Lead man-ager Banco do Roma said it

was prompted to launch the

issue by the success of a previ-

pays interest equal to six-month Libor. German inves-tors appear to have been less rattled by the recent furor in Quebec over calls for that French-speaking province to separate itself from Englishspeaking Canada. Investors in London have been unnerved by separatist calls and have sold In addition to a perception of

aggressive pricing, the issue is said to be suffering from a glut of floating-rate D-mark paper. The lead manager quoted the bonds at a discount equal to full 30 hasis point underwriting and listing fees.

S&P expects rise in defaults

By Norma Cohen

credit rating agency, said it intends to increase coverage of industrial and investor-owned utility companies which have filed for bankruptcy protection on the expectation that, even if economic conditions are favourable, corporate bank-

FT-SE 100 SHARE INDEXA

STANDARD and Poor's, the ruptcies will increase. It will not attempt to rank or value bankruptcy securities. Since 1986, about 100 industrial issuers have defaulted on rated debt, exceeding the total of defaulting companies in the

last 15 years. S&P expects com-panies which underwent lever-

FT-ACTUARIES SHARE INDICES

aged buy-outs and recapitalisations during the late 1980's to encounter problems, even in a stable economy.

"A severe recession or a spike in interest rates would almost certainly prompt a sharp increase in the supply of defaulted bonds," S&P said.

LONDON MARKET STATISTICS

-	O The Financial Time in conjunction with the				•	-						Britis Corpo	ration	ĸ
_	EQUITY GROUPS			ay Mai				Mon Mar 26	Fri Mar 23	Thu Mar 22	Year ago (approx)	Indust Finan Olfs Plants	cial a: :: ::!ors	
Fi	& SUB-SECTIONS gures in parentheses show number of stocks per section	index No.	Day's Change	Est. Earnings Yield% (Max.)	Grees Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	todez No.	Index No.	Index No.	Index No.	Mices Others	otals.	
1 2 3	CAPITAL GOODS (202) Building Materials (27) Contracting, Construction (37)	11053.77	-1.1 -1.2 -0.5	13,48 14,93 17,42	5.20 5.43 5.70	9.04 8.33 7.50	9.07 3.29 13.63	868.53 1066.24 1416.93	868,72 1060,60 1416,20	859.33 1048.02 1411.48	949.18 1194.60 1767.80	<u> </u>		
	Electricals (10)	2474.46 1820 76	-0.8 -1.7 -0.4	11.31 9.95 15.29	5.34 4.07 5.28	10.92 13.03 8.05	1.41 16.80 7.69	2494.16 1852.39 439.84	2482.85	2457.74 1816.78 435.88	2779.63	EO		
7	Engineering-General (44) Metals and Metal Forming (6)	464.27 487.74	-0.2 -1.9	12.18 24.13	5.30 6.39	9.89 4.67	5.16 0.53	465.28 496.99	464.68 497.20	461.85 491.16	0.00 539,89	leane Price	Anrint Paki	_
10 21	Motors (16) Other Industrial Materials (25) CONSUMER GROUP (176)	1572.97 1223.39	-1.9 -1.0 -1.1	14.44 11.38 9.61	6.37 5.04 4.00	8.20 10.24 13.00	5.74 27.90 6.08	355,84 1568,69 1237,60	1607,14 1231.60	1221_96	310.94 1591.81 1168.67	4125 314		f
22 25 26	Brewers and Distillers (22)	11445.45 11660.99 12261.57	-1.0 -0.6 -0.3	10.03 10.49 8.96	3.81 4.43 3.37	12.30 11.84 14.49	6.57 8.09 7.38	1460.50 1066.95 2268.55	1065.18 2252.89	1064.58 2241.60	1276.70 1022.05 1983.96	100		l
29 31	Leisure (31)	1412.49 554.07	-1.6 -2.2 -2.2	7.18 10.04 11.95	2.76 4.32 5.66	16.64 12.31 10.61	14.72 6.96 2.66	2569.70 1444.78 566.53		2507.11 1444.11 559.13	2155.40 1624.12 590.73	u-48	6.9. 6.9.	l
32 34 35	Publishing & Printing (16) Stores (33) Textiles (12)	3225.36 748.18 496.31	-0.3 -1.3 -0.1	9.97 11.60 13.13	5.43 5.00 7.06	12.83 11.22 9.59	23.01 1.82 0.59	3235.91 758.38 496.90	3224.42 752.94 500.75	3195.84 747.68 496.30	3687.27 765.67 515.72	\$700 ‡	F P. F P. F P.	l
40	OTHER GROUPS (194) Agencies (17) Chemicals (23) Conglomerates (13)	<u> 1152.91</u>	-15	10.83 5.76 12.04	4.93 2.46 5.41	11.05 21.39 9.67	7.00 12.19 22.72	1169.92	1165.24 1573.36	1153.90 1567.00	1064.30 1247.38 1218.65	=		ĺ
43	Conglomerates (13)	1595.69 2236.77	-1.8 -1.4 -1.4	10.19 10.92	614 4.43 4.35	11.55 11.66 12.07	5.78 6.69 0.00	1625.26 2267.52	1610.14 2242.87	1585.88	1505.96 2352.62	\$20.6		l
47 48	Water(10)	1942.32 1832.42	-12 -14	10.77 17.94 9.94	6.97 4.51	6.17 11.36	0.00 18.00	1964.96 1857,78	1986.44 1865.90	1965.69 1861.84	0.00 1476.36	\$10.3 100 100 5100	P. P	
51	INDUSTRIAL GROUP (482)	2333.29	-1.2 -1.1	10.95 10.54 10.89	4.59 5.16 4.67	11.16 12.51	7.53 35.47 9.71	1138.24 2359.91 1239.80	2344.36	1124.04 2324.32 1223.67	1998.97	9100		
61 62	FINANCIAL GROUP (113)	796.89 878.81	-1.1 -1.2	_ 19,14	5.62 6.08	6.83	12.54 24.14	805.50 889.27	798.57 876.66	791.13 865.31	751.33 734.33			
66 67	lasurance (Life) (7)	658.32 1021.47	-1.8 -1.2 +0.3	7.27	5.65 6.03 6.18	- 18.27	11.81 7.72 16.73	1302.99 666.57 1018.30	1028.18	645.62 1016.19	596.69 972.29	955	F.P.	Ļ
69	Merchant Banks (8)	1080.64	-9.2 -9.8 -9.5	8.40 13.90	4.18 4.03 6.92	- 15.07 9.48	4.27 1.88 2.89	455.23 1089.83 320.69	459.34 1087.45 320.39		333.82 1335.87 374.08			
71 91	Investment Trusts (68) Overseas Traders (5)	1161.21 1399.98	-1.2 -0.7	9.23	3.26 6.54	13.06	8.65 31.27	1174.79 1409.70	1,166.61 1407.33	1161.07 1380.53	1089.46 1404.53	Issue	l Ao	
99	ALL-SHARE INDEX (686)	1120.83	-1.2	I - I	4.78	-	10.30	1134.34	1129.11	1118.90	1075.01	B-tre	1	ũ

Dey's Day's Day's Mar Mar Change High (a) Low (b) 26 23

Mar Mar 22 21

	FIX	ED I	NTE	REST	r			AYERAGE GROSS REDEMPTION YIELDS	Tue Mar 27	Mon Mar 26	Year ago (appro
	PRICE INDICES	Tue Mar 27	Day's change %	Mon Mar 26	xd adj. today	xd adi. 1990 to date	1 2 2		11.41	11.69 11.31 11.19	9.4 9.0
	British Gevernment		,			_] 4	25 years	11.30 12.97	12.90	8.9 10.4
1	Up to 5 years	112.67	-0.04	112.71	_	3.41	5	Coupox 15 years	11.85	11.73	91
2	5-15 years	117.22	-0.49	118.00	0.21	3.00	ì \$	25 jetas High 5 years	11.42 13.08	11.30 13.02	9.1 10.4
3	Over 15 years	119.33	-0.87	120.38		4.16		High 5 years		12.04	9.
	irredeemables	• :			_	1.51	9	25 years	11,66	11.56	9.2
	All stocks				0.11	t	10	Irredeemablest	11.32	11.23	8.1
6	Intex-Listed Up to 5 years Over 5 years	140.79 132.15	-0.19	140.79 132.40	1.	0.94 1.05	12	Inflation rate 5% Up to Syrs Inflation rate 10% Up to 5 yrs Inflation rate 10% Up to 5 yrs Inflation rate 10% Over 5 yrs Inflation rate 10% Over 5 yrs	4.15 3.61	4.61 4.14 3.60 3.95	3.4 3.1 2.1 3.3
8	Ali stocks	132.69	-0.17	132.92	-	1.04	_				
9	Debentures & Leans	94.92	-0.88	95.76	-	2.72		Seles & Syears Leans 15 years 25 years	15.64 14.36 13.72	15.78 14.34 13.57	12.1 11.4 10.8
0	Preference	75.02	-0.05	75.06	-	1.92	-	Preference	12.28	12.28	10.0

_ 	Rises	Falls	Come
British Funds	KBG	77	TE
Corporations, Dominion and Foreign Bonds	1	' É	#
industrials	220	523	15 15 838
Financial and Properties	220 72	533 289	347
0 5	iõ	48	33
Plantations	-5	-74	- 6
Wies	2 <u>1</u> 35	7Š	62 93
Others	35	124	93
Totals	366	1,158	1,409

LONDON RECENT ISSUES

	JITI	E 5									
issor Price	Anrint Paki IP	Latesi. Resence Date	1989 Bigh	1989/90 Stock		Cleating Price	+6*	Net. Div	Tiese Coy'd	Cons Yield	ηĘ.
125 14 			对了\$400m240是36040m23732350m220m25255	150 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ARI Latern 10p ANDS Grays 59 Alternat Hear Streken Alternation Alternation Des Glahad Day, 1.T. Ilip D. Warners Construction P. A. C Germany Inc. Til. D. Warners P. P. A. Inchesion D. Warners D. Warners D. Warners Construction Construction	85 * 3 Par 1 RESERVE SEC. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	र्देशक नगर नकका ननक्षकनक निम म क्षति	94.7 96.5 94.6% 20 15.25	25 40 11 12 12 12 12 12 12 12 12 12 12 12 12	33 11 1 16 24 11 11 11 11 11 12 13 11 13	2.5

FIXED INTEREST STOCKS

			"-	1	l	1 -	ı
100p	F.P. F.P. F.P.		85p 4gpm 95p 55p	40p 1ppm %p 55p	Courtwell Group 10%, pc (tiet) Cr. Cre. Pf Residte: & Column 9, Spc Cr Bds 2005 Myndham Group 9, 57 Spc Car. Pf York Treat 8.5p (tiet) Rd. Cr. Pf 20p	140p 148psi 98p 55p	13.
				•	•	•	•
			Ri	GHT:	B OFFERS	· ·	<u></u> :
issae Price P	Amount Paid Up	Latest Resourc Date	1987 	190 Low	Stock	Clasing Price p	+ 67
cover naseu Ohvidend au previous yea and yield ba hassed on lai Dividend en Ohvidend en Ohvidend en	on divide ed yield on er's caratin ised on pro- lest, artifet ed yield ha eer arel pie o bolders o	ed on hijl extede spec ps. H Divid specials or o demains. Sed on par rettle base f ontbetwe	capital. 9 cial payme lead and yie other offici M Divider sepectus or d on prospe chare x x	Aggement di et. u Fores eld baged or al getlomate d and yield other office chas or other	Castia Corena Sp. GGC Floor, & Farnists. 10p. GGC Floor, & Farnists. 10p. Gardie Resources Goodman Group Sp. Luify Schemes leaf 10p. Hierorata Tours Group Stanistic Into Group Fred Tours Group Stanistic Into Gro	Similary fig Le, cover by 1989. K.D. Herd, cover a Mates for 1° orecast, and 4° issued by	erts. S sed on wideral and pite 990. It
<u>.</u>			PAD	Mor	IAL OPTIONS		<u></u>

TR	ADITION	AL OPTIONS	
First Dealings Last Dealings Last Declarations For settlement For rate Indications	March 19 March 30 June 21 July 2 see end of	London Share Service Calls in Amstrad, Beriston Control Sec., Coloroli, Kr. Next and Senior Engineerin	rik-Fit

LONDON TRADED OPTIONS

points, compared with 9 in the previous session. The March con-tract closed 40 points lower at 2,289 on a turnover of 5,386 lots. Stock index futures and options were once again the most active derivative markets shead of the expiry of March contracts at the end of this week. But among the The FT-SE March options were also briskly traded ahead of their expiry on Friday. A total of 10,391 stock options, turnover was fow reflecting the quieter session on The March FT-SE traded during 5, 165 were puts. The March 2,300 call series was the busiest, trading 2,506 lots. Dealers continued to note arbitraging between the FT-SE futures and options, as and beniament remained

itive after the previous day's advance. But profit-taking and

Clastes Price + or

•				_											
Option		.	ш	<u>e</u>				Option	٠.		ш			PUTS	
Alki Lycius (*458)	42 42 S	44 14 24	52 27 12	69 46 26	2½ 12 45	26	30 30 32	Utal, Blacetts (*321.)	300 330	28 8	41 21	50 30	3 14	64 ₂ 19	10 22
ASSA (*109)	100 110	- 12 5	18 10	19 13	2 52	4	6 10½	Uniteder (*661) Ultrainer	703	21	181	394	55	234 564	584
•	120	2	612	. 10	13	14	<u>,17</u>	(*965)	360 390	18	35 18	48 30	26 26	15 28	15 33
8rft_ Alrestys (*206)	229		87	25 16	17	10 22	13 24	Option		بظا		Ner	Mari) Jan	
Brit Com	240 50 60	1 14 7	4 17 11	19 14	36 2 5	36 5	- 6 11	Brit Aero (*499)	460 500	55 27	75 50	87 63	8	14 27	20 35
SmKI Bee- cham A		53	68	32	. 2		ш	BAA (*407)	390 420	35 17	45 28	60 43	10 25	15 33	20 34
(507)		· 20	39 17	多		173 48	24 50	847 leds (*795)	750 800	6 0 33	60 700	128 87	12 26	멎	25 38
Boots (*272) .	240 250 280	36 16 55	41 25 12	% 33 22	1 3 12	35 <u>1</u> 11 22	6 12 23	BTR (*435.)	420 460	, 25	48 25	57 35	9 30	13 32	19 37
8.P. (*356.)	300 330	39 14	45	22 22	15 45	3	5 14	8rit. Telecom (*285)	280 300		24 12½	31 20	17.5	22	13 25
British Steel	360 140 145	24 34	17. ⁵	16	3	26 64	30 9	Casbury Sch (*319)	300 330	30 11	43 26	51 34	5½ 19	8½ 21	12 25
816 (*936)	900 950	92 21	82 52	114 85	7 28	21. 40	26 47	Geletess CNR7)	650 700	47 20	73	92	11	15 40	22
Ć & Whe	500	37	38	79	, 5i ₂	19	23	6EC (200 220	15 45	20	24 13	.5 17		
(*527) Constantés (*337)	550 297	9 43 18	第五	50 55	27 1	6	45	Hanne	220	164	21	29	٠. بيد		9
Corit. Halan	327 357 420	4.	ű	37	24	15 32	78	(*228°) LASMO	240	~~ <u>1</u> 63	11 87	18 :	يزي و	18 14	19 —
(*460)	460 500	16	34 17	6	14 42	19 42	25 47	(*593.)	550 600	30	55	75	यं	30	37
 EKOI	370	19	40 25	50 33	9	17	25	P. & B. (*592.)	530 600	124	61 7 31 7	/1 k 12 h	7½ 33½	말. 7	94 24
(*997)	420	8	2	33	30	32	40	Pakington (*215.)	200 220	25	27 14	33	3	. 7	10

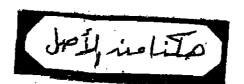
370 17 40 50 7 17 420 8 25 33 30 32 Sept. & Hear 200 30 39 45 45 10 (*297) 300 16 26 35 15 22 Times 140 14 19 19 4 8 (*148) 160 4 7 9 14 20 150 18 22 30 11 35 6 Water Hide 200 4 10 16 9115 1215 Phy. 1500 100 140 150 50 61530 1550 75 100 130 70

Shell Trace. 460 17 35 40 10 17 20 (*464) 500 4 16 27 40 40 42

the total turnover in the option market. Volume stood at 26,806 lots, against 32,618 in the previous session. Dealers said that in spite of recent changes announced in the UK budget involving the tax treatment report from Barclays de Zoete Wedd: "The impact on (options) volume is expected to be large,

				ш	•		FUTS	
e st	مطاول		Jos	Šą	200		Sup	D
10 22	Amstead (%4)	60 70	9½ 4½	12½ 7½	16 11		5½ 10½	1
74 84	Barclays (*585)	550 600	56 23	73 39	90 57	10 30	18 38	2
18 33	Bise Circle (*215)	200 220	20 8	25 15	33 24	6 18	9 19	2
Nov.	8ritish Gas (*21,7)	200 220	ź4 10	27 14	32 20	21 ₂ 81 ₂	5 21	1
20 35	Otages (*119)	110 120	17 9	20 13	23 16	3½ 7	5년 5년	1
20 34 25 38	Glam (*780)	775 80 0	53 36	70	82	25 39	5	5
36 19 37	Hanker Sidd. (*638)	600 650	65 33	90 65	102 75	17 35	38 60	4
13 25	Hillsdown (*240)	240 260	13 5½	22 13	28 19	12 25	14 27	2
12 25	Loarbs (*271)	260 290	26 16	32 22	42 32	9 18	12 22	2
22	Midiaal Ek (*342)	330 360	33 26	38 25	51 35	11 24	17 31	16 31
22 45 14 23	R_ Rayce (*189)	180 200	18 74	25 14	29 19	5 16	18 18)(20
	Seas (*97)	90 100	11 5	131 ₂)	11 11	91 ₂	4½ 10½	11
9 19	11/F (*265.)	260 280	14 7	26 16	29 19	11 23	16 27	18 30
37	Them EMI (468)	650 700	52 25	98 35	77 50	16 40	33 57	38 58
14	TSB (*140)	130 140	18 10	20 24	24 18	3	5	10
10 19	Yaaf Reeks (*598)	700 36	17	20 15	頂	11	9 14	16
년 59	Wellcome (*707)	700 750	努	多	107 82	33 64	43 70	49 73
14 28	2125	2175 Z	1-6E 225 2	110E 275 Z	(P22 325 2	46) 375 (N25 7	67.
14	CALLS Mar 146	œ	_	17				L

23	Sees (*97)		90 300	1	IJ		312	45	
9 19	(3/;	'			_	_	_	1012	
_	(*265)	260 280			29 19	23	16 27	
37	Thora (*668		650 700			77 50			
1	TSB (*140	,	130 140	18		24 18	3	5	10
10 19	(759E)		90 100		20 15		. 6	9	
는 59	Welle (*707		700 750		85 58	107 82	33	43	41
14	•		20769	F7-61	T 1500	EX (*)	1266)		
28	CALLS	2125	21.75	725	2275	2325	2375	2025	247.
14	Mar Jun	146 205	96 168	45 135	17 103	4 77	3 58	42	년 31
17 39	Sep Dec	252 297	Ξ	184 230	=	129 171	=	85 120	=
13	PUTS	1	3	6	20	_			
25	Juo	30 42	40	50	68	57 92	120		205 189
i.	Sep Dec	42 55	Ξ	総 78	Ξ	102 108	Ξ	띯	=
JÓ		2150	FT- 2288	狂	NEX I	17224			
22	CALIS				2,744	Z334	Zegu	2454	20
00	Mar Arr	122	72	2	74	11 ₂ 25	13 13	Į,	ž
ŧ0	May	150 168	108 130	72 93	44 67	25 45	30	6 20	12 12
	Jan Des t	198	150 244	115	85 180	64	45 129	33	22 85
_	<u>. </u>	_	~~	=	-	-	127	Ξ	E
=	PUTS								•
	Apr .	14	2½ 23	9 38	37 59	85 94	诱	贤	雰
<u> </u>	May	23	36	50	73	107	14 5	189	239
<u>.</u>	Jan Des t	32	45	60	83 105		149 176	190	279 185
•	<u> </u>		-	_	-	-	-	_	~~
<u> </u>	March Cally)	27 To		etraci	26,8	206			
8	FT-SE	la des	Calle 1	1724	Date 4	245			
_	Emp	I-SE	Cells 3	20 Pr	ds 14	66			



UK COMPANY NEWS

BAT sells

US retail

for \$92m

THE DISPOSAL of BAT Industries US retail subsid-

Industries' US retail subsidiaries — part of the tobacco-based conglomerate's defen-sive restructuring plan — got underway yesterday with the sale of the Breuners retail chain to Prism Capital Corpo-ration, of the US, for \$92.5m cash (£57m).

The disposal of the Breuners rental business is taking place separately, and negotiations on this are understood to be

separately, and negotiations on this are understood to be well-advanced. BAT does not give a sales split between retail and rental, and has said only that Breuners made losses overall in 1989, although the deficit was "much reduced" on 1988.

However, the constaments

"much reduced" on 1968.

However, the conglomerate
did make clear yesterday that,
in terms of disposal proceeds,
the sale of the retail
operations brings in the main
contribution from Breuners.

contribution from Breuners.
The sums to come from Breuners rental business are described as "tidying up".

BAT acquired Breuners when it bought the Marshall Field's group — which takes in the significantly larger Chicago-based department store chain — in 1982.

chain – in 1982. Breuners, founded in 1856, is based in California and

operates 18 furniture retailing stores in northern California, Arizona and Nevada. There are

44 rental locations.

BAT confirmed yesterday

that Brenners management made a bid for the retail business, but said that the Prism offer was the highest received. Prism is a private investment company, set up last year by Mr Dennis Wong, who formerly worked for Dean Witter in New York, and his brother.

in New York, and his brother,

Prism already controls

Barker Brothers, a furniture chain in southern California, with 11 outlets — its first investment. It said that com-bined revenues for Breuners

retail operations and Barker Brothers last year were more than \$200m, but that the two chains will be run autono-

BAT put its four US retail businesses up for sale as part of a major restructuring pack-

of a major restructuring package designed to fend off the bid threat from Sir James Goldsmith's Hoylake consortium. Initial hids were submitted a couple of weeks ago for the two main chains.— Marshall Field's and Saks.— and BAT has said that all three operations should be sold by mid-year.

chain

Caution on prospects for cufrent year leaves shares lower

P and O steams ahead to £376.7m

PENISULAR and Oriental Steam Navigation, the shipping, construction and services group which is embrolled in a £441m hostile bid for Laing Properties, yesterday unveiled pre-tax profits of £376.7m in 1988 but sounded a note of cauties or managed by the root. tion on prospects for the pres-

Sir Jeffrey Sterling, chairman, said that he expected the out-turn for the present trad-ing period to be satisfactory, but warned that the economic climate in a number of countries in which the group operated, including the UK, US, and Australia, was clearly more uncertain than it was a

CLIFFORD POODS, which produces own label dairy, fruit juices and other grocery prod-ucts for supermarket chains,

yesterday announced a 38 per cent fall to £3.8m in pre-tax

profits for 1989. Turnover

increased by 8 per cent to

The profits setback was largely due to a poor first half when margins for fruit juices

and milk were put under pres-sure by retail competition.

Pre-tax profits in the second half of the financial year were £2.45m. compared to £1.35m in the first half.

Mr John Clifford, chairman, yesterday said that "fruit juice

margins are recovering and volumes continue to grow."

Derwent Valley Holdings, property investment and trader, reported pre-tax profits up from £2.81m to £3.54m for the year ended December 31. Net interest payable jumped from £405,000 to £1.83m.

Mr John Ivey, chairman, said

that with the economic back-

ground continuing to be uncer-

tain there had been much com-ment about the immediate

prospects for the property mar-

year ago.
"Unless you're a bloody idiot, you have to be cautious,"

stake, which was taken above the line. The 1988 figure was depressed by the £25m cosboo the seamen's dispute. Coupled: with the caution

Coupled: with the castion expressed for 1990, this led to some down-grading of current year forecasts and the shares fell 25p to 592p.

Operating profit advanced from 2490m to 2490.8m, on turnoyer of 24.589m (23.280m). The largest division, house-building, construction and building, construction and development, was static at 2155.6m (£157.1m), but the fig-ure included the profit taken

A new £2m citrus juice squeezing plant has come on stream earlier than expected.

verted over 90 doorstep rounds to franchising with a beneficial effect on milk volumes," he added.

ton Foods subsidiary per-formed very well. Roy's Qual-ity Foods and Danhy's Foods also "improved significantly in the second half of the year."

the second half of the year."
Earnings per share dipped to 14.93p (24.39p). A final dividend of 6.4p is proposed, for a same-again total of 16p.

The company said that 1990 trading "has started well and results for the first two months are well ahead of 1988."

ket in such an environment. Despite this he firmly believed that the management's strat-

egy of focusing the investment portfolio in specifically tar-geted areas would ensure a

sound future for the

There was an extraordinary credit of £2.32m (£436,000).

Earnings were 31p (22.4p) and a final dividend of 5p makes a

CHANGE TERROR OF CHANGE

"Since October we have con-

Clifford's said that its Mor-

slices Clifford by 38%

Derwent Valley improves to £3.5m

company.

7.5p (6.1p) total.

in the area as bleak adding that the downturn had been more severe than had been

expected.

The service industries divi-sion advanced from £39.1m to £107.9m, although about half the growth came from acquisi-tions. Passenger shipping showed a strong improvement anowed a strong improvement to \$109.6m from 1986's dispute-affected \$50.4m. This business was going well, the company said, with early bookings looking very encouraging. There was a profit fall in container and bulk shipping,

The profits compare with 2316.6m. However, analysts noted that the 1969 figure benefited from the 221.9m profit taken on the Taylor Woodiow on the Caylor Woodiow to the current situation to the company declined to said that freight rates in container shipping stayed under pressure, and the results from the current situation down and inadequate. Bulk said that freight rates in con-said that freight rates in con-rainer shipping stayed under pressure, and the results from P&O Containers were well down and inadequate. Bulk shipping, however, continued

in improve.
Investment property contributed £54.7m (£49.3m)
There was a net interest charge of £74.6m (£49.9m).

charge of £74.6m (£49.9m).
Year-end gearing was 65 per cent. Below the line, property sale profits (after tax) added £20.1m (£48.9m).

Earnings per share, following an unchanged 29 per cent tax charge, were £2.3p (£3.8p).
The recommended final dividend is 17p, making 29.5p (£5.5p) for the year.

See Lex

Squeeze on juice margins | Midsummer Leisure shares up on bid talks

MIDSUMMER LEISURE, the acquisitive pub, disco and snooker club operator and alot machine company, said last night its directors were involved in talks which might lead to a bid being made for

the company.
Midsummer shares closed up 7p at 138p, giving the group a market capitalisation of 573m. In the last 12 months the

shares have fluctuated between 251p and 124p.

Mr Paul Reece, deputy chair-man, said that although Mid-summer has a strong cash flow, it was 100 per cent geared following five accordations in following five acquisitions in

pre-tax profits by 53 per cent to £9.82m (£6.43m) on sales up from £40m to £61m. Midsummer also reported

an extraordinary debit of £2.9m, £2m of which was a provision against a fall in the value of its stake in Leisure investments, which has since been taken over by Bear

Midsummer pulled out of merger talks with Leisure Investments in August after the group warned that its profits would be below expectations.

In November Midsummer announced the sale of Chequers, its Midlands-based In the year to end-Septem-ber, Midsummer increased & Bowes.

New DTI merger control procedures

MERGER control procedures, allowing companies to volun-tarily "pre-notify" the Office of Fair Trading of their intention to link up, will come into force

on April 1. Under the new system, companies planning to merge can seek guidance from the OFT on whether the merger will be

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2B Buckingham Avenue, Slough SL1 4NB Tel: (0753) 22991 Fax: (0753) 34553

allowed. However, they will now need to do this via a standard "merger notice".

In general, if the proposed merger is not referred to the MMC within the consideration period — initially 20 days, but capable of being extended by 10 days and then a further 15 days — the parties will be immune from reference.

immune from reference.

There are, however, some limited exceptions. The new system is designed to provide a quicker pre-notification procedure. Pre-notification abready takes place on an distinguishads, but the more tightly-defined "consideration" period is a new innovation.

Mayborn dives to £0.2m

MAYBORN GROUP, the USM-quoted baby care, toy and florist's sundries business, saw pre-tax profits dive from the Dylon subsidiary's operat-22.14m to just £200,000 in the year to December 31 in spite of that achieved in 1988. a 14 per cent improvement from 225.3m to 229m in turn-over. In spite of the loss of 2p per share (earnings 7.5p), the divi-dend is maintained at 3.8p via

The group's main problem a final of 2.5p.

Continued to be Stahlwood, its

US subsidiary, where £946,00 of exceptional items were written off and re-location costs

a final of 2.5p.

Group sales in the first two months of the current year were higher than in the corresponding period of 1989.

accounted for another £48,000. But interest charges soared from £248,000 to £660,000 and

DIVIDENDS ANNOUNCED									
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year				
Affled Partnersfin	1	June 5	1	2	1,75				
ASD §fin	1.7	May 14	1.625	3.4	3				
Bilston Engaselesfin	3	-	3.6	4,75	4.2				
Busziin	3.3	July 2	3.3	5.9	5.7				
Ciffords Foodsfin	6.4	May 18	6.4	10	10				
Conderfin	10	May 31	8	16	11				
Derwent Valleyfin	5	-	4.6	7.5	6.1				
Haistend (James)int	. 4★	-	3.75	. - .	9.5				
Hembro C'widefin	nH	-	1.5	nii	2.6				
iceland Foodsfin	4.2	May 25	3.55	6.2	5.25				
IOM Steem Packetfin	3	-	3	4	. 3				
London & Metrofin	4.25	. July 2	4.25	6.65	6.2				
Lopexfin	4	-	3.6	6.9	6				
Maleysian Miningfin	3 #		3	7_	5				
Marleyfin	4.25 ☆	. June 2	4.25	6.35	6.35				
Mayborn Group §fin	2.5	-	2.5	3.8	3.8				
P and O deferredfin	17†	May 23	15	29.5	25.5				
Pittard Garnerfin	4.15	May 23	4.15	6.1	5.9				
Prudentialfin	6.1†		5.3	9.2	8				
Russell (Alex)fin	1.07	May 31	1.5	1.61	. 2.04				
Scot Heritablefin	4	May 25	3.5	7	6				
Servomexfin	3.6	· · ·		3.6	=				
Singer/Flanderfin	1.5	May 23	1.25	2.5	2				
Steelleyfin	9☆	June 1	7.5	13.75	11.5				
Trafford ParkInt	0.85		0.85"		2.575*				
Wills Faberfin	8.15A	July 2	7.61	12† ⁻	11.48				

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues. §USM stock. *Carries scrip option. **Malaysian currency throughout. **Por nine months.**

SCOTLAND INTERNATIONAL FINANCE B.V. US\$100,000,000

COMPANY CAR COST

Guaranteed Floating Rate Notes 1992. For the six months from 28th March 1990 to 27th September 1990 inclusive the Notes will carry an interest rate of 81 1/1/1/19 per annum. The relevant interest payment date will be

28th September 1990. Coupon 18 will be for US\$225:21.

Agent Bank Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street London EC3 3AH Member of IMRO



United Kingdom

U.S.\$4,000,000,000 Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is bareby given that, for the three month period 28th March, 1990 to 28th June, 1990, the Notes will bear interest at the rate of 814 per cent. per annum. Coupon No. 15 will therefore be payable on 28th June, 1990, at the rate of US\$10,541.67 from Notes of US\$500,000 nominal and US\$210.83 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd.

. Agestt Bank

BOARD MEETINGS

Apr. 6 Mer. 20 Apr. 3 Apr. 2 Apr. 4 Apr. 4

Prudential 9% ahead after year of 'mixed fortunes'

PRUDENTIAL Corporation, the UK's largest insurer, increased its 1989 pre-tax profits by 9.3 per cent from £352.6m to £385.5m, after a year it described as one of mixed for-

described as "one of mixed lottumes".

A significant loss in its new
UK estate agency business and
a "disappointing" performance
from the general insurance
business partially offset a
surge in profits from its
long-term business, which is
mainly pensions and savingsrelated products:

Long-term business profits

Long-term business profits increased 79 per cent to £358.9m, although £58m of this improvement resulted from an increase, to nearly 10 per cent, in the proportion of its life assurance surplus that goes to shareholders funds. This rise, as with an increase last year, reflects the view that resources should be reallocated to shareholders' funds because share-holders have been financing

recent developments that will benefit policyholders. In addition, long-term profits benefited from higher levels of bonus declared on with-profits

The general insurance busithe general insurance pusi-ness made a trading loss of 28.6m compared with a 1988 profit of 287.4m. This reflected increased subsidence claims, following the hot summer, higher court awards from motor accidents and large indi-vidual claims in the commercial motor business, tempered by low levels of other claims. Disasters, such as the Piper Alpha oil rig loss, pushed gen-eral business overseas and reinsurance general business

Sir Brian Corby, chief executive of Prudential Corporation

into loss. Additional reserves of £49m were set aside for the Piper Alpha loss, above the £5m set aside in July 1868. The downturn in the UK housing market took its toll on the estate agency business, which made a loss of \$48.9m compared with a 1988 profit of \$17.2m. The company took some consolation in an increase in the life policies sold some consolation in an increase in the life policies sold by Prudential Property Services, from 20 per cent to 36 final dividend of 6.1p was proper cent of the number of posed giving a total of 9.2p house exchanges. Gearing reduced from 71 per

The geographical breakdown of profit was as follows: UK £240.8m (£134.3m); Australia £15.3m (£11.1m); Canada £8.3m (£4.1m); Ireland £4.9m (£3.1m); US £32.9m (£19.4m); others

Hambro Countrywide £9.5m loss

Hambro Countrywide

Share price (pence)

By David Barchard

HAMBRO COUNTRYWIDE, the estate agency and financial services group, yesterday announced pre-tax losses of £9.53m for the year ending December 31 1989 and said that it would not pay shareholders a final dividend.

The loss in 1989 compared with a profit of £23.1m a year

Mr Christopher Sporborg chairman, said that in 1989 chairman, said that in 1989
Hambro Countrywide had faced the most difficult trading conditions for many years in the UK residential property market. "Whilst it is disappositing to report a trading loss for file year, we believe that there is cause for optimism." he said.

However stockhooker's una.

However stockbroker's analysts in the City pointed out that losses on the group's estate agency operations would have been higher if property disposals of £2.44m had not been included. The group's estate agency division reported a loss of £14m.

Group turnover fell by 39 per cent from £128.8m in 1988 to £78.49m last year. However the contribution of Hambro Guardian the group's life assurance

> WORLD HEALTHCARE '

The Financial Times proposes to publish this survey on:

29 MAY 1990

For a full editorial synopsis and vertisement details, please contact

or write to him at:

1988 to £9.87m. The group's network of residential estate agency offices reasonably certain that there year from 514 to 474. During the year Hambro Countrywide

Pre-tax losses in the second and the market improved. half of the year were £6.62m, down from £9.52m in the first 1.97p (earnings of 5.09p).

half. Mr John May, joint man-aging director, said there had been a distinct improvement in market conditions in the first quarter of this year.
"Turnover is holding up." Mr
May said. "We would now like
to see it picking up in the spring.
Hambros is continuing to

diversify into new business areas to reduce its dependency subsidiary rose from £1.2m in ling the year.

1988 to £9.87m. "Our policy continues to be

in the housing market." Mr

Sporborg said.

He said that decisions taken sold 33,394 houses, 47 per cent down on 1988. However the group arranged mortgages worth a total of £760m for 16,049 customers.

He said that decisions taken in 1989 to cut overheads and reduce the group's cost hase would enable it to reap the benefit when interest rates fell There was a loss per share of

AUTOMATIC IDENTIFICATION

The Financial Times proposes to publish this survey on: 23rd May 1990

For a full editorial synopsis and advertisement details, please contact: Jonathan Wallis on 91-873 3565

or write to him at:

Number One SEI 9HL

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange and does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of QS Holdings plc ("the Company"), issued and now being issued, to be admitted to the Official List. Dealings in the Ordinary shares of the Company are expected to commence on 2nd April, 1990.



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The principal activity of QS Holdings plc is the retailing of family clothing from a chain of branches located. throughout the South of England.

Listing particulars relating to the Company are contained in the statistical services of Extel Financial Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 10th April, 1990 from:

QS Holdings plc 58/59 Boundary Road. and (for collection only) up to and including 30th March, 1990 from: The Company Announce The International Stock Exchange, 48-50 Finsbury Square, London EC2A 1DD.

9 Moorfields Highwalk,

Singer &

Friedlander

rises 19%

to £22m

By David Lascelies,

SINGER & Friedlander, the property and merchant bank-ing group, yesterday extended its long history of rising prof-its with a record result for

However, Mr Tony Solo-

mons, chairman, uttered a cautious note about the pros-pects when he said that the

new year had begun "quietly". The group earned £22.02m

before tax, a rise of 19 per cent

over the £18.5m returned for

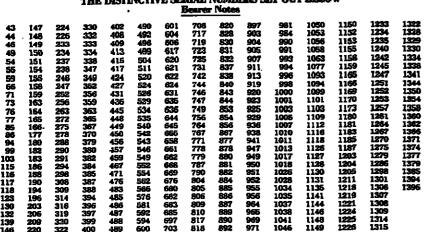
Banking Editor

NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 3 PLC Class A Mortgage Backed Floating Rate Notes Due July 2015

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due July 2015 (the "Class A Notes") of HMC Mortgage Notes 3 PLC (the "Issuer") that, pursuant to the Trust Deed dated 12th July, 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.Lc. as Trustee, and the Agency Agreement dated 12th July, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the amount of £38,500,000 will be utilized on 12th of April, 1990 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A NOTES OF 2100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW



The Class A Notes may be surrendered for reder Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York PO Box 161 1 Angel Court London EC2R 7AE

Banque Internationale a Luxembourg S.A. 2 Boulevard Royal L-2953

Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 Attn: Corporate Trust Operations

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmatured coupons and talons appertaining thereto. Such payment will be made (1) in sterling at the specified office of the Paying Agent in London or (ii) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

HMC MORTGAGE NOTES 3 PLC By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Principal Paying Agent

Dated: March 28, 1990

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A Notes to the paying agency's New York Office.

UK COMPANY NEWS

Shares slip 10p as £65m profits fail to meet City expectations

Restructured Bunzl falls 30%

BUNZL, which has been shedding some of its voraciously acquired businesses to concentrate on paper, building materials, plastics and cigarette filters, saw pre-tax profits

fall 30 per cent in 1989. The drop, from £93.3m to £65.4m, came on sales down 6 per cent to £1.64bn (£1.75bn). The market responded to a profit figure £10m to £15m below expectations by knock-ing 10p off the share price, which closed at 95p. As none of the £150m expec-ted from the letter series of

ted from the latest series of company sales, including electrical products distribution and graphic arts supplies, had come in by the end of Decem-ber, gearing hit 106 per cent and interest costs soared to

215.2m (8.7m).

Of the continuing businesses, paper distribution contributed more than 21bn (2960m) to sales and 246.4m to trading profit. But the latter had slipped back by £1.6m because of a £8m cut in the contribution from job lot trad-ing. This involves converting waste quality paper from the mills into products for print-ing, but over-supply eroded

Building materials, a US distribution business, also saw trading profit fall back, to \$4.3m (\$4.6m), in spite of a 55 per cent increase in sales to \$195.4m (\$125.8m) following

Mr James White, chairman and chief executive, explained that a new management team had been told to do all the nec-essary "tidying up" in

"Previously the business was run by people from the lumber industry. The people brought in are from a financial and

FIVE YEARS IN THE LIFE OF BUNZL

February: 1-for-4 rights issue to raise £55m May: Failed £117m hid for Brammer, bearings distribution company October: £30m paid for Stewart Plastics £35m paid for United Parcels Result: pre-tax profits of £43m on sales of £788m.

April: £27m paid for Robert Moss, plastic injection mouldings group September: 1-for-3 rights issue to raise £191m Since the Feb 85 rights issue, £220m spant on 24 companies

1987 May: 22am paid for Collins Foodservice, California October: 239m paid for ERSCO, Chicago electrical equipment group Dec: 239m paid for Wilhelm Seiler, West Germany, paper distribution Result: pre-tax profits of £38m.
From the beginning of £38s to April 1988 a total of £340m spent on

1988
July: York Trailers sold to management for 224m
December: Paper trading subsidiary sold to management for 222m.
Disposals in 1988 raise 289m
Result: pre-tax profits of 233m.

May: Sale of loss-making transport business to management for 2380 mber: Amouncement of a string of disposals expected to raise £150m mber/October: Bought Webster Plastics and Benco Building Produc ts, both in the US, for a total of

Result: pre-tax profits of £65m on sales of £1.50m

marketing background, and they are more attuned to the customer. They have reduced manning by merging operations, reorganising the sales force and using computations."

ers," said Mr White. On the manufacturing side, the group's traditional cigarette filter business was affected by the upheaval in China, where he said 280m men smoke at least a packet a day – only 25 per cent of it filtered. This division contrib-

uted £16.3m to trading profits on sales of £159.9m. Plastics, which pitched in a £10.3m profit, saw the gain made by the industrial side more than offset by a slump in consumer products. Mr White said the closure of two facto-ries had led to a loss of market share in an already difficult Other reasons given for the

profit reversal included reduc-tions of about £7m each in the contributions from discontinued activities and property. "More exacting accounting standards with regard to Brazil" saw off another £3.5m and currency trading made a simi-lar loss because starling fell against the dollar "when we thought it would strengthen." Earnings per share, after a higher tax rate, fell to 9.2p (14p). A final dividend of 3.3p makes a total of 5.9p (5.7p).

COMMENT Mr White's line is that 1989 was the year the stables were

mucked out. The sale of companies is set to reduce gearing to about 40 per cent; the remaining businesses have been reviewed and the "hits" taken. Now the mature, cashgenerative paper and filters base will fuel the growth areas of building materials in the US and plastics in Europe. In place of a head-long rush for growth, there will be a painstaking and gradual approach - which might cost the best part of £100m but it will be spread over the next five years. Giving credit for further improvement to some of the core businesses,

particularly coarse paper and industrial plastics, and to the geographic spread, pre-tax profits may rise to £74m. A pro-spective p/e of about 9 retains an element of risk.

160 Feb 85 86 87 88 89 90

240 220 200 180

Share price (pence)

1988. Earnings per share were
up 17 per cent to 6.54p.
The bulk of the profit came
from banking which earned
\$13.1m. up from \$12m. Most
sections of the bank, including corporate finance, lending and et management, performed well. The exception was the asset trading division which specialises in Third World loans. Trading in this market has slumped and Mr John Hodson, chief executive, said it was unlikely to improve

However, Singer is now diversifying into counter-trad-ing and barter in order to develop a new stream of carn-

ings.
Earnings from property fell from £2.8st to just over £2m, reflecting the sale of the Centrovincial Estate property subsidiary during 1988. However earnings from interest and investment income rose sharply from £3.6m to £8.9m thanks to the re-investment of the proceeds from the Centrov incial sale. Singer still has £30m of it available but has earmarked the money to redeem loan stock unless more attractive investment opportunities appear.

nities appear.
Singer now has a policy of investing in attractive business situations. It has bought 24 per cent of Takare, a musing home company, and 19 per cent of Ferrari, a computer maintenance operation. It also has 19 per cent of Apricot, the computer manufacturer. computer manufacturer, where it anticipates that new management will bring about

major improvements. Mr Solomons said that although it was too early to forecast results for 1990 as a whole, "business in the curwhole, "pushess in the current year has opened quietly".

The dividend is being raised by 25 per cent to 2.5p via a final of 1.5p.

COMMENT The overall result consists of

an 8 per cent rise in profits from the core banking business which is unexciting by the standards of the other merchant banks which have But this is overlaid by a near doubling in interest and investment income, demonstrating the usefulness of Singer's cash pile in these times of high interest rates. This suggests that even if business does turn out to be slacker this year, the impact on the bottom line should be limited. Certainly, the steadiness of Singer's performance over the years (this is the 16th consecutive year of internally generated profit growth) points to the management's ability to handle the thin as well as the thick. But the shares have been conspicuous absentees from the recent run-up in the merchant bank-ing sector reflecting market uncertainty about the group's industrial investment policy as well as the intentions of its major shareholders. The shares rose 2p to 6tp on the results, which were much as expected, leaving them yielding 5.5 per cent gross.

Trafford Park down

Profits of Trafford Park Estates, a property investor and developer, declined slightly from £1.74m to £1.62m for the six months to end-De-Turnover totalled £4.97m

compared with £3.48m.
Earnings dipped to 1.61p (1.91p) after tax of £538,000 (£461,000) but the interim dividend is a same-again 0.85p.
Directors said the current period was one of consolida-

London & Metro rises 12% in spite of difficult conditions

By Paul Cheeseright, Property Correspondent

LONDON & Metropolitan, the LONDON & Metropolitan, the property development group, ifted 1939 pre-tax profits last year by 12 per cent and earnings per share by 4 per cent in spite of the spread of difficult conditions in the commercial property market.

This is a slower rate of growth than L&M has achieved in recent years. Lower returns and a greater availability of property at a time when bust-

property at a time when business expansion has been tailing off and financial charges have been increasing have hit

Profits were £15.58m, com-

is 4.25p, bringing payments for the year to 6.65p, against 6.2p. The stock market was not particularly impressed and, on a day when the sector as a whole was weak, the shares lost 14p on the day to close at

In the second half the main characteristic of the property market was the absence of UK institutional buyers, a key fac-tor for companies, the main aim of which was to find sites, develop a building and then sell it on, the company

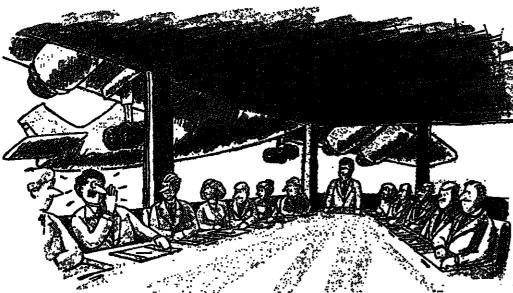
pared with £13.87m. Turnover was £38.9m (29.1m). After tax of £3.9m (23.74m) earnings per share rose from 20.5p to 21.32p.

The immediate prospects for the present year were no better but L&M had sought to protect itself by adopting a development programme of geographical diversity, operating in towns around London, the

north west of England and Scotland, rather than in the City of London. At the same time it had

sought to escape from the tra-ditional cycle of the British market by starting develop-ments in continental Europe. Development of a golf-related leisure complex in Provence has started, Mr David Lewis, the chief executive, said he hoped construction of other projects would start within the

next six months.
On the financial side, the company had limited the The immediate prospects for amount of interest it was pre-he present year were no better pared to capitalise and had ut L&M had sought to protect written off £1.2m of financial charges as an exceptional item. Net interest receivable improved from £2.9m to £3.43m.



"I heard that Snibbins!"

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one of the features at Status Park. Heathrow. It offers unrivalled access to the terminals and other main areas of the airport. The four prestigious headquarters' buildings, from 19,060 - 38,990 sq ft are all finished to a supremely high standard with full air conditioning, imaginative landscaping and very generous car parking.

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For further information contact us on 01-439 4252. Reinhold House, 3 Diadem Court, Dean Street, London WTV 3AN. Fax: 01-437 3632.





Rogers (\$\frac{1}{4}) 01 759 4141



Cornhill advances by 15%

CORNHILL INSURANCE, a UK subsidiary of Allians of West Germany, Europe's largest insurance group, increased pre-tax profits by 15 per cent last year from £28.8m to £38.1m.

Premium income from general business rose 14 per cent to £461.3m. But life premiums fell from £125.5m to £76.7m due to a fall in single premium

Cornhill said 1988 proved to be the peak of the current UK general business profit cycle

> BANQUE NATIONALE DE PARIS USD 100 MILLIONS 9%% SERIAL A NOTES

DUE 1990 AND 100,000

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NOTES DUE 1990 .

NOTICE OF PARTIAL

11232 to 11419 included

The Fiscal Agent BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

Abbey National

Building Society

GB £120,600,000 Sahardisets

Floating Rate Notes due 1995 Notice is hereby given that for

March 1990 to 27th June, 1990 the Note will carry a Rate of Interest of 16.15% per annum. The amount of inter-

est payable on 27th June 1990 will be GB £4,884,822.00.

Agent Bank: Dai-Ichi Kangyo Bank

(Luxembourg) S.A.

with high investment income resulting from strong cash flow and high interest rates. However, the rate of decline in 1989 was quite gentle. This was largely due to mild weather which reduced

claim frequency, particularly on the property side and also to some degree in motor

manager, said the pace of property decline was accelerating and spreading from the commercial accounts to per-

sonal line accounts.
The life division faced difficult trading conditions, with considerable expense in com-plying with Financial Services Act regulations. In liability business, Corn-bill suffered an insurance

loss, only partly mitigated by high levels of investment ncome. Mr Treen said rises in the incidence of claims and in the facturence of chains and in the cost of settlements and court awards "are not being matched by hardening rates for insurance protection".

HEPWORTH CAPITAL FINANCE LIMITED

exposured in Jersey with limited limbility, Registered No. 468 (4)

£100,000,000

11.25 per cent. Convertible Capital Bonds due 2005 guaranteed on a subordinated basis by,

Hepworth PLC

(Incorporated in England with Smitted Embliry, Registered No. 965093)

and convertible into Exchangeable Redeemable Preference Shares in the Issuer, which will be guaranteed on a subordinated basis by,

and exchangeable for Ordinary Shares in, the Guarantor J. Henry Schroder Wagg & Co. Limited has underwritten the above transaction. Application has been made to the Committed of The Stock Exchange for the Capital Bonds, the Preference Shares and the Ordinary Shares, to be issued in exchange for the Preference Shares, to be admitted to the Official List.

Each Capital Bond bears interest from 24th April, 1990 at the rate of 11.25 per cent. per amount payable in arrears in equal semi-amount instalments on 30th June and 31st December. sens-amount insumments on some sum sum sum sum sum sum summer.

The Capital Boads will at the holders option be convertible into fully paid Exchangeable Redeemable Preference Shares in the Issuer. The Preference Shares will be exchangeable for fully paid ordinary shares in the Guarantor.

Listing particulars relating to the Capital Bonds and Preference Shares and the Guarantor will be circulated in the Extel Statistical Service from 24th April, 1990 and copies may be obtained during normal business hours on any weekday (excluding Saturdays) up to and including 11th April, 1990 from:—

Hepworth PLC
Tapton Park Road, Sheffield \$10 3FS

J. Henry Schroder Wagg & Co. Limited 120 Cheapside, London EC2V 6DS

James Capel & Co. Limited 6 Bevis Marks, London EC3A 7JQ

28th March, 1990

For collection only from the Company Announcements Office of The Stock Exchange up to and including 30th March, 1990.

UK COMPANY NEWS

International operations offset adverse effects of the collapse in the UK and US housebuilding markets, reports Andrew Taylor

Steetley improves 27% to £111m Marley declines by a fifth to £56.2m

STEETLEY'S investments in France and Spain paid off last year as the building materials group increased pre-tax profits by 27 per cent to 2110,93m in spite of a fall in brick profits due to the collapse of the UK and US housing markets.

International profits rose by more than half from £30.49m to £47,74m after taking into

\$47.74m after taking into account a sharp fall in US profits from \$4.32m to \$2.57m. Profits from France, where

Steetley is the country's biggest aggregates producer, rose from 214.75m to £24.15m.

The group last week announced its second large acquisition of a French aggre-gate company in the past six months, agreeing to pay FF7850m (£92.4m) for sand, gravel, limestone and concrete businesses owned by Mr Vasco Gobitta in the Ile de France

Last September it paid FFr407m for a 75 per cent stake in Callet, a family-owned aggregates business in Prev-

ence.
Following these moves, Steetley has about 10 per cent of the French market. Climent Francais is the next largest producer with between 7 per cent to 7.5 per cent of the market.

ket.
Steetley has also invested, heavily in Spain where it is the

heavily in Spain where it is the largest aggregate and ready mixed concrete producer in the Madrid region — one of the fastest growing construction markets in Europe.

Profits from other European countries, almost all emanating from Spain, more than doubled from \$2.5 im to \$2.5 cm.

Canadian profits also rose sharply from \$7.9 m to \$12.5 cm reflecting about a 4 per cent volume growth and a big

improvement in costs according to Mr Richard Miles, group managing discourses earnings now accounted for 41 per cant of group operating profits. The rise in UK profits was more prosest increasing by only 9

per cent from £62.06m to

267.76m.

Profit increases from higher aggregate sales were offset by a sharp fall in brick sales due to the decline UK housebuilding said Mr Miles.

Turnover rose by a quarter from 2524.68m to £654.6m.
Exprings per share expanded 15 per cent from 40.19 to 45.960, and the first dividend goes up to 9p making a 20 per cent increase for the year from 11.5p to 13.750. to 13.75p.

• COMMENT France last year accounted for just over a fifth of Steetley's

THE ELEVATOR of demand operating profits. This compares with less than 5 per cent for building materials in Britain has plummeted six in 1985. As a result of its endeafloors and stayed there follow-ing the collapse of the UK housing market, according to Mr George Russell, chief execu-tive of Marley, the building vours in France and in Spain Steetley has been able to alrug off the sharp downturn in the UK. housing market. This seems likely to continue until the end of this year — depending upoh UK interest rate movements. The bise in forces. materials and automotive com-

ponents group.

Pretex profits last year fell by a fifth from £70.2m to £56.2m. This came in spite of a 21 per cent increase from £19.9m to £24.1m in international results. tional profits. UK profits, by comparison, fell by almost a quarter from \$56.4m to \$42.6m. Mr Russell

blamed a sharp fall in UK. housebuilding and residential repair and maintenance work triggered by high interest Group turnover increased

from £600.3m to £638.4m. Earnings per share fell by 12 per cent from 17.1p to 15p after tax reduced from \$22.9m to £15.3m. A same-again final dividend of 4.25p makes a maintained total of 6.35p for the year.

Mr Russell said the company's fortunes, in spite of the recent move into car component manufacture in the UK,

amand in the UK, US and continental Europe. Profits from concrete blocks

were still allied to housing

George Russell: demand for building materials has plummeted

International profits rose reflecting strong performances from concrete roof tiles in France and the US and plastic products in New Zealand and

West Germany. Profits from

plumbing and other plastic products increased by a quar-ter from £10.2m to £12.8m.

Group profits would also

£1.4m increase in property profits from £9.6m to £11m. The big disappointment was a fall in profits from £4m to £1.9m from the new automo-

Unfavourable comparisons by analysts were yesterday being drawn between Marley and Steetley which chose to amounce year end results on the same day. Marley, it was pointed out, was roughly the same size in 1985 as Steetley which yesterday announ pre-tax profits almost twice those of Marley. In the intervening years Steetley has bought shrewdly in growth markets in France and Spain. Marley, meanwhile, has acquired Nottingham Brick in the UK, General Shale in the US and moved into the automotive components business - all of which performed poorly last year and have still to show their true potential. To be fair, Marley has worked very hard to improve its balance sheet and costs are tightly under control. It is arguable that the company in previous years might not have survived the present recession in UK house-building. A prospective p/e of of between 11 and 12 and profite of \$45m however does not its of £46m, however, does not leave much room for immediate improvement on a share price of 128%p - bid specula-tion notwithstanding.

new French acquisition should, however, make a positive contribution to earnings this year. The group should be capable of making £115m putting it on a prospective p/e of about 8.5 which still looks cheap given the strength of its continental operations. Electrocomponents issues second writ against STC

By Charles Leadbeater

THE LEGAL row which started last year between Electrocomponents and STC, Britain's leading electronic component distributors, took a further twist vesteriay when Electro-components issued a second

writ against its competitor. Electrocomponents, which last year started legal action against STC for infringement of copyright on a parts catalogue, yesterday issued a writ against the company alleging it had misled customers over the

origin of the goods they were receiving.
RS Components, Electrocomponents' main subsidiary, alleged that STC's components distribution division was passing off goods as if they were RS's. Customers who had

ordered RS goods from the STC division had received different goods, Electrocomponents said. RS also claims that STC's catalogue misrepresents which companies are the suppliers of the goods supplied by Electro-

unique parts numbers for RS STC said it would strenuously defend the cases and

components.

Last July RS issued a writ claiming that STC had intinged copyright by publishing a parts catalogue which included several thousand

denied any liability. It said RS Components' claims were insignificant and immaterial.

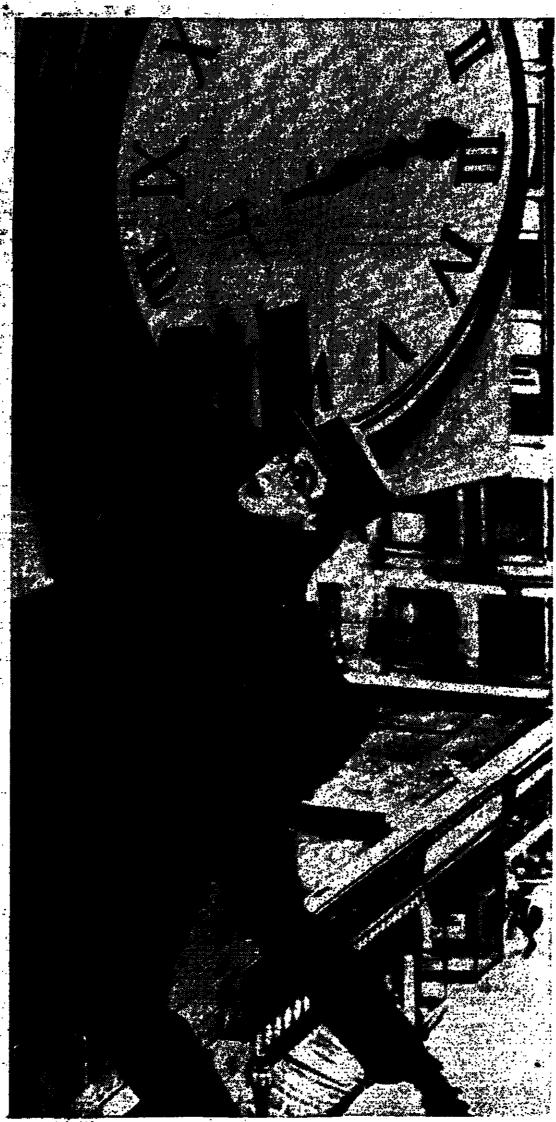
movements. The bias in favour of developments north of Wat-

ford compared with an over-built south east England

should also work in the group's favour although it will be hard pressed to match last year's UK performance. Steetley's new French acquisition should,

Mr Norman King, Electro-components' marketing director, said: "If we thought the costs involved in this case were not substantial we would had fallen from £19m to £11.8m. Brick profits in the UK and US had fallen from £12.6m not have taken this step."

IN AN UNCERTAIN WORLD, YOU NEED SOMETHING SOLID TO FALL BACK ON.



RESULTS 1989 1988 Ĺт Profit before tax from: Insurance business Life and pensions 358.9 200.4 General Insurance 87.4 Non-insurance business Investment management (UK) 8.0 Unit Trusts and PEPs (UK) (3.9) *17.2* Estate Agency Sharabolders' other income 43.5 *352*.6 385.5 Total profit before tax Tax and minority interests (110.6) (108.1) Profit attributable to shareholders 244.5 Earnings per sbare 14.9p 13.3Þ Dividend per sbare The results reproduced here for the year 1989 have not yet been delivered to the Resistrer of Companies, nor have the auditors reported on them. The dividend will

> Copies of the Annual Report are available after 3 May 1990 from The Registrer's Department, Prudential Corporation plc, 1 Stephen Street, London W1P 2AP.

be paid on 30 May 1990 to shareholders on the register on 12 April 1990.

- * Long-term new business premiums up by 32 per cent to £3.0 billion. Total revenue premiums increased by 26 per cent to £4.8 billion.
- * Long-term profits up by 79 per cent reflecting substantially higher bonuses to policyholders and an increase in the share of the distribution to shareholder
- * General business results deteriorated. Significant strengthening of general business reserves made following the catastrophic events of 1988 and 1989.
- * Continued steady progress in earnings, with an increase of 12 per cent, and dividends increased by 15 per cent.



27% rise to £8.3m Lopex, the advertising and

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Lopex in

marketing services group, increased its pre-tax profit by 27 per cent from £6.52m to £8.28m in the year to December 31 on turnover which gained 22 per cent to £188.71m. Mr John Castle, chairman

and chief executive, said he was confident that 1990 would be another year of progress.

After tax of £3.2m (£2.57m) and minorities of £544,000 and minorities of £544,000 (£600,000) earnings per share emerged at 22.45p (20.41p). There were extraordinary losses of £611,000 (£166,000). The dividend rises from 6p to 6.9p with a proposed 4p final.

Advance to £1.8m at Servomex

ufactures and markets instrumentation for the analysis of gases, announced pre-tax profits up from £1.62m to £1.8m for 1989. Turnover expanded to £14.51m against £12.22m. Directors said that as a

result of a good last quarter order performance, the com-pany entered 1990 with a After tax of 2872,000 (2584,000) earnings per share emerged marginally lower at: 12.1p (12.2p). The company is proposing a dividend of 35p. **Baillie Gifford**

Japan assets slip.

strong order book.

For the half year ended February 28 diluted asset value per share of The Bailie Gifford

Japan Trust stood at 691.9p compared with 711.3p six months earlier.

Net loss for the half year emerged at \$235,344, a sharp rise on the deficit of £81.28 incurred for the same period of the 1988-89 year. Loss per share amounted to 2.14p (0.8p).

Allied Partnership makes further gains

Allied Partnership Group, involved in plant hire, food distribution and warehousing, reported a 16 per cent improve-

tax profits for 1989. Last time there was an exceptional \$4.48m profit from the sale of a property develop-ment site. Turnover rose to £111.42m (£81.39m). Barnings were 6.29p (8.08p) before exceptional tiem). The dividend is 2p (1.75p) with a proposed final of 1p.

♦¶ Swiss Bank Corporation Schweizerischer Bankverein

Notice is hereby given that the

118th Annual General Meeting of the company will be held in the Festival Hall of the Swiss Industries Pair (entrance "Messeplatz") in Basie (Switzerland) on Tuesday, 10th April, 1990 at 3 p.m. to receive and adopt the Peports of the Directors and Auditors and the Annual Accounts; to elect or re-elect Directors and Auditors; to pass resolutions relating to the allocation of profits for the financial year; to declare a dividend and set the date of its payment. Holders of bearer shares who wish to attend the Meeting can obtain admission cards from the bank's London Office at Swiss Bank House, 1 High Timber Street ECAV SSB or from any other branch of the Corporation against deposit of the share certificates (or of an approved banker's Certificate of Custody) not later than Thursday, 5th April, 1990. The shares must remain so deposited until after the General Meeting. The shares must remain so deposited until after the General Meeting. Holders of registered shares (as of 22nd February, 1990) wit have their invitation and admission card sent to them directly. No new entries will be made on the Share Register between 23nd February, and 10th April, 1990. The Balance Sheet and Profit and Loss Account for the year ended Sist December, 1989 logether with the Report of the Auditors, the Annual Report and the Directors' proposals regarding the allocation of Profit are available to Shareholders at all of the bank's Swiss branches as of 20th

Société de Banque Suisse Società di Banca Svizzera

Basie, 27th February, 1990 For the Board of Directors (sig.) Dr. Franz Galiller—Chairmen

ARROW VENTURES N.V. NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 17, 1990

Notice is hereby given that the Annual General Meeting of Shareholde our company will be held at our offices at 6 John B. Goesinaweg, Con Netherlands Annilles on April 17, 1990 at four o'clock in the afternoon, for following purposes.

i. To receive the reports of the Managing Director on the progress of business of the Company during the fiscal year ended September 30, 1989.

2. To approve and adopt the audited balance thest and profit and loss account of the Company for the fiscal year ended September 30, 1989.

3. To re-elect CARIBBEAN MANAGEMENT COMPANY N.V. as Managing Director of the Company for the period expiring on the following Annual General Meeting of shareholders.

4. To re-elect the members of the Board of Supervisory Directors of the Company for the period expiring on the following Annual General Meeting of shareholders.

To average the remuneration of the Managing Director and the members.

ot snarchousers.

5. To approve the remaneration of the Managing Director of the Board of Supervisory Directors for the fiscal year

September 30, 1989.
To re-appoint MESSRS, COOPERS & LYBRAND, Caracao as the

Copies of the andited balance sheet and profit and loss account may be obtained by all abareholders from the offices of the company as well as from

Curacao, 27 March 1990

CORNHILL INSURANCE ANOTHER YEAR OF PROGRESS

Combill Insurance has continued to make good progress in both premium and profit with particularly strong

performances in the U.K. and U.S.A.

Total profit before tax in 1989 was £33.1m, an increase of 15% over 1988.

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PREMIUM INCOME	PROFI	, belok	E LAX	viña.
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ensiness £76.7m) [1]			4. 444
1988 L 1989 1989	1988	2.10	1989	,,
PREMIUM INCOME	1988	£m	1989	£m
		404.4		461.3
General business				
Life business		125.5		76.7
		529.9		538.0
PROFITS				
General business				
- Underwriting result		(14.4)		(25.3)
- Investment income attributable to		·/		
general insurance funds		30.4		41.8
_				
General insurance profit		16.0		16.5

Copies of the Annual Report will be available shortly from the Company Secretary at 32 Combill, London EC3V 3LJ.

General business profit

Life business profit



25.3

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(0.5)

28.8

Bejam helps lift Iceland Frozen Foods to £35.4m

ICELAND FROZEN Foods, the freezer centre chain, yesterday reported a surge in annual pre-tax profits from £9.03m to 235.41m largely because of the takeover of the rival Bejam group in January 1989. Fully diluted earnings per

share rose by some 12 per cent to 23.94p, reflecting the shares ssued in connection with the

2250m acquisition.
The combined group made sales of £672.1m (£205.2m) and the interest charge was £8.4m (£977,000). Pre-tax profits included £777,000 (£170,000) of property profits and the interest charge was net of capitalised interest of £703,000 (£2545,000)

(£645,000).

The original Iceland business increased food sales by 24 per cent to £254.8m, and the Bejam business saw food sales fall by 7.7 per cent to £365.5m. Mr Malcolm Walker, chair-man and chief executive of Iceland, and one of the original founders of the company which

calebrates its 20th anniversary this year, said it had been a year of_achievement for the group. The shares rose by 21p to 269p yesterday, reversing some of the sharp fall from a peak of 402p last September.

Mr Walker repeated remarks he made last year that Bejam had been trading worse than he had forced taken Iceland

he had feared when Iceland took it over. He said sales of £35m had been "lost" by Bejam, which had affected group profits. However, he was confident that the Bejam shops which had been converted to the Iceland format were show-

ing sales gains once more. So far 124 Bejam shops have been refitted at a cost of £20m, and a similar number of refits in the current year, at the same cost, would complete the changeover of Bejam stores. Also last year 42 new Iceland stores were opened, a further 30 are due to open in 1990 and a higher number in 1991. Mr Walker said he felt there was

room for 1,000 Iceland stores in the UK as a whole.

UK COMPANY NEWS

£250m takeover makes it a 'year of achievement' for enlarged high street food chain

The company had debt at the year end of Skim, Mr Bernard Leigh, finance director said, representing gearing of 86 per cent. This would rise initially this year but then fall to 60 per cent by the end of 1990 and under 50 per cent by the end of 1991, he predicted. Some £30m of the group's debt is at a fixed interest rate of under 10 per cent, the rest pays floating

Mr Walker countered sugges-tions that Iceland was facing increasing competition from superstore retailers saying that shoppers use high street Iceland stores as convenience stores between superstore trips. Out-of-town Iceland stores benefit from freezer owners' bulk buying, spending, perhaps, £20 in one trip.

A proposed final dividend of 42p gives a total of 6.2p (5.25p).

Malcolm Walker: trading at Bejam worse than feared

COMMENT

The rise in Bejam's shares is a little puzzing, since the figures were alightly worse than expected, but can perhaps be explained by the drop since the interior provide last interim results last September and the thinness of the market in the shares, iceland put on a confident presentation to ana-

lysts yesterday, though it is easy to put the blame for any disappointment on Bejam. For the current year pre-tax profits could reach £42m, after an interest charge up to about film, suggesting a p/e of 9.5. However, after last year's downgradings and with the debt burden so high it may pay to be cautious this year.

OS Holdings set to join main market with an initial tag of £39.3m

By Clare Pearson

QS HOLDINGS, a south of England-based retailer of family clothing, is braving uncer-tain conditions in the high street and joining the main market at an initial value of

The company is selling 27.7 per cent of its enlarged share capital, but the placing raises just £2.1m worth of new

On a pro forma basis, and notional 35 per cent tax charge, the placing price of 100p represents a p/e of 10.25. The notional gross dividend yield is 5 per cent. About threequarters of the

About threequarters of the existing shares being sold come from the Berry family, which founded the company from which QS evolved about 60 years ago. The balance is being sold by management. The Berrys retain a majority holding after the placing.

in the year to January 26, QS made pre-tax profits of \$5.52m (\$4.25m). That was after net interest receivable of \$253,000 (£394,000). Sales were £35.67m (£27.3m).

On the current year, QS said it had "started well with sales targets being comfortably achieved" and the directors were "confident of another year of progress." It plans to increase sales area, which rose by 30 per cent last year to 118,000 sq ft, by at least another 10 per cent in the current year.

Mr Nigel Tibbles, chairman, said although the company had no need of extra funds at the moment, the stock market listing would help its "controlled expansion" and also help it to motivate staff. No acquisition are planned at present.

Panmure Gordon is sponsor

ASD ahead to manufacturer, for the half year to end-Detember 1988. Mr Vincent Clare, chairman, blamed the downturn on a severe reduction in demand for

ASD, the USM-quoted steel

per share of 14.14p (14.92p).

Growth returns at **Bilston Enamels**

Bilston & Battersea Enamels returned to the growth path in 1989 with record taxable profits of £565,000 — 80 per cent higher than the depressed £814,000 of the previous year. The company said that action taken in November 1988

Avena has 33.1% of Runciman

By Clare Pearson

ACCEPTANCES IN respect of ACCEPTANCES IN respect of just 0.2 per cent of the shares in Walter Runciman, the shipping, security equipment and insurance group, had been received by Avena, the diversified Swedish group, by the first closing date of its hostile \$47.8m cash offer on Monday. The bidder additionally owns 28.5 per cent of the shares and prior to the start of the offer period had secured acceptances

in respect of about 4.4 per Avena, which is being accused by Runciman of

launching a "highly leveraged bid", yesterday for the first time gave the London market up-to-date information on its level of gearing. This came along with Aven-

a's 1989 results which showed pre-tax profits doubled to SKr80.7m (£8.18m).

The company, involved in property, security equipment and construction, said its adjusted equity at end-December stood at SKr1.18hn (£120m). In its offer document, it had shown net debt of SKr3.17bn. To finance the Runciman bid,

it has arranged a £40m loan facility.
The adjusted equity figures

included surplus value on investment properties amount-ing to SKr631m (SKr308m) but excluded surpluses on land, work in progress and shares in

... Runciman said yesterday: "It comes as no surprise that Avena has received negligible support for its highly leveraged offer." The company's shares were yesterday unchanged at 548p, compared with Avena's offer price of 520p.

NEWS DIGEST

£4.83m (£4.13m) with the UK

performing strongly helped by a full year's sales to Harrods.

Overseas sales rose by 11 per cent with the largest advance

InishTech at I£2.8m

after restructuring

Halstead falls to £3.15m

REDUCED pre-tax profits of £3.15m compared with £3.31m were announced by James Halstead Group, the floor covering, clothing and trailer tents

Belstaff's manufactured prod-ucts. Corrective action had been taken to reduce produc tion capacity in line with demand. However, the floor coverings business had a good

first half, he said. Turnover moved ahead from £24.93m to £27.15m. The interim dividend is lifted to 4p (3.75p), payable from earnings

rent development programme.
Accordingly there is no dividend. Earnings per £1 share were 23.7p (3.9p). Turnover was £17.88m (£3.5m).

had been successful with the reduction in operating costs Alexander Russell hits £2.11m enabling margins to rise by 2 percentage points. Turnover increased to

Alexander Russell, the Glasgow-based company with interests in mineral extraction and related activities, returned profits of £2.11m pre-tax from a turnover of £32.67m for the being in the US.

After tax of £201,000
(£111,000) earnings per share
were 8.6p (4.8p). A proposed
final dividend of 8p lifts the
total to 4.75p (4.2p). nine months to December 31.

The company has changed

its year end and the figures compare with £2.75m and £38.9m respectively for the 12 mouths to March 31 1989. Basic earnings for the nine months emerged at 4.31p (6.01p ji sa is

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Reference

for the period) and a final dividend of 1.07p makes a 1.61p total. That compares with the 2.04p paid for the year to end-March 1989.

IOM Steam Packet rises to over £3.5m

Pre-tax profits of the Isle of Man Steam Packet Company rose by £391,000 to £3.53m in the year to December 31 on turnover up from £18.22m to £21.1m.

This potice is issued in compliance with the req stional Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not consti n to any person to subscribe for or to purchase shares.

Shareholders' investment and other income

Provision for staff profit sharing share scheme

Share of associated companies' results

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the entire issued share capital of Febria on The Third Market in Dublin and London and dealines are expected to ence on 29 March 1990.

FELTRIM MINING PLC

(A public limited company incorporated under the Irish Comp 1963 to 1966, Registered in Ireland No 120060)

OFFER TO SHAREHOLDERS

1,666,666 new Ordinary Shares of IR20p each

PROPOSED ACQUISITION

at IR32p per share

of the entire issued share capital

of

CONNARY MINERAL plc

hours on any weekday (Saturdays and public holidays excepted) up to and including 30 April 1990 from either Davy Stockbrokers, or Feltrim Mining ple at the addresses below:

Davy Stockbrokers Davy House,

Feltrim Mining Pic, The Stabi Coast Road

INTERNATIONAL DIRECT MARKETING

The Financial Times proposes to publish a Survey on the above on

APRIL 18th 1990

For a full editorial synopsis and advertisement details, please contact:

Neville Woodcock

on 01-873 3365 or write to him at: Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

15.0

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FINANCIAL TIMES

Venture Foruma

Paris, France, April 4-6, 1990

Speakers taking part include:

Jean-Michel Barbier Directeur Général Thomson-CSF Ventures

Michael Bentley Deputy Casirman & Chief Executive Electra Investment Trust P.L.C.

Gilles Cahen-Salvador Président Directeur Général **LBO France**

Rogald Cohen The MMG Patricof Group pic Paolo Colonna

Partner Schroder Associati Sri David Cooksey Executive Vice President & Managing Director — Europe Advent International Corporation

Tem Judge investment Management Organisation

Roland Magnin
Executive Vice President

Alain Minc Vice-Président Directeur Général Compagnies Européer

Jos Pecters Managing Director Benevent Management NV Chairman, EVCA

Ernest Autoine Scillière Compagnie Générale d'Industrie et de Participations

Daniel Toulemonde Manáging Director Euroventures SCA



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£7m in spite of second half fall

Asb, the Using distribution group, reported 1989 pre-tax profits 9 per cent ahead at \$7.03m, against \$6.45m. However, the second half fig-ures were hit by rising interest rates leaving profits for the period down from £3.1m to

Mr Ralph Oppenheimer, chairman of the Leeds-based company, said the year had begun well but by the end UK steel production and consumption were declining. Steel stockholding profits were dis-appointing but the non-steel distribution activities had a

successful year.
He expected trading in the first half of the present year to be difficult but added that the company intended to continue its capital investment pro-

gramme. In the year under review Roberts Fraser & Sons had an outstandingly successful year exceeding all expections, Mr Oppenheimer said.

In the property division a revaluation showed a substan-

tial surplus. Turnover improved 42 per cent to £205.86m (£145.16m) for

operating profit of £11.94m (£8.76m). The interest charge increased from £2.81m to £4.91m. After tax of £2.18m (£2.03m)

earnings came out at 14.20 (15.5p). There was an extraordinary debit of 2242,000 relating to the closure of Minster Stainless Strip.

A recommended final divi-

dend of 1.7p makes a total for the year of 3.4p (3p).

NOTICE TO BOLDERS OF JACCS CO., LTD. (Kabushiki Kaisha JACCia U.S. \$25,660,660 7% per cent. ratifile Boods Due 1995 (the "1995 Boods") TER \$25,000,000

Persusetto Confident 6 (c) (xi) of the 1996 Bouch constituted by a Trust Deed duted Th October, 1999 and Confident 6 (c) (xii) of the 1996 Bonde constituted by a Trust Deed dated 19th Sep-tention, 1961 notion is hereby given as follows: On 17th Polycoury, 1990 and 18th March, 1990 the Board of Directors of the Company resolved

MCCS CO., LTD. Dated: 28th March, 1996

InishTech announced pre-tax profits of 192.82m (22.72m) for the nine months to December 1969. Profits were I£497,000 for the year ended March 31 1969. The Dublin-based former venture capital investment company became a subsidiary of James Crean in January

1969 and changed its activities to those of an industrial holding company with interests in disposable products. Directors said the company's

After tax of £616,000 (£563,000) attributable profits were £2.91m (£2.58m). Earnings per share, based on pre-tax fig-ures because of Manx tax requirements, rose from a restated 20.9p to 23.5p. A final dividend of 3p makes a total of 4p. a 1p improvement on 1988.

GROUP PL

policy of retaining profits for reinvestment should be main-tained in the light of its cur-

Preliminary announcement of results for the year ended 31st December, 1989.

	1989 £000	1988 £000
umover	300,300	169,800
Profit before tax	10,415	6,256
Profit after tax	7,110	5,333
arnings per share	85p	6 5p
Dividend per share	16p	11p

Extract from the Chairman's statement to shareholders:

...a further year of outstanding results...strong organic growth from core businesses...four complementary acquisitions... an excellent team for the 1990's."

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Investment income boost | Open skies policy subject to delay lifts Willis Faber to £62m

By Vanessa Houlder

WILLIS FABER, insurance broker, yesterday announced a 15 per cent increase in 1989 pre-tax profits from £54 4m to £62.8m. Karnings grew for the first time since 1986, with a 18 per cent rise to 15.92p. A sharp rise in investment

income less interest payable from \$20.6m to £29.7m beloed offset a decline in income less

Total brokerage and fee income grew by 4 per cent to 2237.8m. After taking account of exchange rates and acquisitions and disposals, the underlying growth was also 4 per cent. Expenses increased by 6 per cent, excluding exchange rate movements, as a result of increased employ-

ment costs.

New orders offset low premium rates in Willis Faber & Dumas, which reported unchanged brokerage income of £101m. Growth was particularly strong in international and London market reinsur-

ance business.
Willis Wrightson, the retail broker, increased its broker-

age and fee income by 9 per cent to 253m, despite pre-mium rate reductions. Willis Faber International increased income by 15 per cent with strong performances from the US and Bermuda. Willis Consulting Group grew by 20 per

agencies increased their income by 17 per cent, parity as a result of profit commis-sion on the 1986 year of

The London and North American insurance compa-nies improved their contribution after a 11 per cent increase in premiums and a 42 per cent increase in investment income, partly offset by losses from Piper Alpha, the Californian earthquake, Hurricane Hugo and other disas-

Profits fell at Willis Faber & Dumas (Agencies) from the 1988 figures, which included profit commission from the managing agency businesses ivested in 1985. clear £70m, the shares are on The sale of its Morgan a fully valued p/e of 14.5.

Grenfell stake made an extraordinary profit of

The final dividend was increased by 7 per cent to 8.15p, making a 5 per cent increase in the total to 12p

These results wrong-footed most analysts and Willis Faber's shares rose 10p to 257p in response. A surge in 1969 investment income and good new business growth combined with a solld dividend increase and an unusually informative presentation managed to convey a rather more optimistic stance than at the half way stage. However, many observers expect this year to be an uphill struggle. Premium rates con-tinue to be under pressure and UK wage inflation will lead to a hefty increase in costs. Estimates vary, but assuming, conservatively, that pre-tax profits this year

Pittard Garnar reaches £4m

unveiled pre-tax profits of £4.04m for the year to end-1889. This represented a sharp improvement on the previous year's total of just £849,000. However, during 1988 Pittard suffered a disastrous first-half; in terms of second half profits, 1989 showed showed a 40 per cent fall, from about £3.34m to

This relatively disappointing performance was blamed by Pittard on two principal fac-tors: a high interest burden and continuing losses in its shoe and leathergoods division. At the pre-interest level, profits improved from £5.86m to £7.4m, with all divisions - aside from the shoe business showing an advance. Sales

Mr Christopher Stewart-Smith, chairman, said that

strong organic growth from core businesses was the main factor in the trading perfor-

Property development growth continued in both activity and profits. On the

projects side turnover grew to over £120m, more than double

that of the previous year.

Excellent results were achieved by the steel struc-

City and West End. - on advantageou

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equired - in a sechaded area. For further details please phone:-

PTITARD GARNAR, one of Britain's two remaining quoted leather companies, yesterday unveiled pre-tax profits of \$4.04m for the year to end-1889.

This represented a sharp improvement on the previous progress, with Pittard claiming to reach the profits of the first six months.

Equally, the clothing leather and chamois side made healthy progress, with Pittard claiming to reach the profits the profits the profits of the first six months.

to pick up market share on the clothing side. Even the trading division, which produced losses of some £790,000 in 1988, turned round to a small operating profit last year.

on the shoe and leathergoods side, however, losses
jumped fairly sharply, in spite
of further emphasis on exports
which now account for about
30 per cent of sales. Pittard
said that it had changed management and brought in consultants. Its current aim is to
concentrate on higher-added. concentrate on higher-added value products.

Interest charges, however, clipped a hefty £3.36m (£2.75m) were £133.09m (£128.15m). clipped a hefty £3.36m (£2.75m)
Pittard's original gloving off operating profits, with division saw a 38 per cent increase in operating profit per cent. Raw material prices

than they had been.

Group turnover last year increased 77 per cent to 2300.3m (£169.8m) and although

the proportionate tax charge increased from 15 per cent to

32 per cent, earnings per share

rose from 65p to 85p.

A final dividend of 10p is recommended to make a total of

16p (11p). It is also proposed to sub-divide each 25p ordinary

share into five ordinary 5p

for the construction industry.

There was a cautionary note in the tall, however. Market cent improvement from £5.28m conditions turned down in the to £10.42m in pre-tax profits for third quarter of 1989 and were

on both the sheepskin and hide fronts were high towards the end of the year, and hence Pittard was obliged to finance expensive stock levels. It said that there had been some signs of prices falling back in the current year and that it was siming for year-end gearing of about 50 per cent. Surplus assets, which might raise some

£3m-£4m, have been identified. In the meantime, the group said that it was waiting to see how events unfold at Strong & Fisher, the rival leather company which owns 27.4 per cen of its shares. In February S&F said it was renegotiating its the wake of the sharp fall in the value of the Pittard stake, but no further announcement has been made.

Earnings per share, after a 29.7 (28.5) per cent tax charge were 11.5p (3.5p), and the final dividend is pegged at 4.15p, making 8.1p (5.5p) for the year.

Scottish Heritable Trust, the York-based property and industrial holding company has recorded its first setback

downturn of £2.6m to £10.1m in the year to end-December

Mr Cochrane Duncan, chairman, told shareholders

that a slowdown in UK prop-

erty sales together with start-up costs of the new modular housing plant in Alabama, US, contributed to the shortfall.

But the figures showed a turnround from a loss of

£270,000 to a profit of £1.6m in the manufacturing divi-

sion and Mr Duncan noted that the fireworks company (Standard Brock) achieved

the highest profits in its his-

Barnings per share for the period were 18p (20.8p) before and 19.3p (18.5p) after adjusting for extraordinary items.

An increased final divi-dend of 4p (3.5p) is recom-mended by the directors, making a total of 7p (6p) for

to £10.1m

UK COMPANY NEWS

Paul Betts on reaction to the MMC referral of BA's proposed 20% stake in Sabena

completely aback with his de sion yesterday to refer BA's £34m acquisition of a 20 per stake in Sabena World Airlines, the Belgian carrier, to the Monopolies and Mergers

The move is a major blow for BA. The UK carrier had seemed confident, in public at least, that its deal with Sabena, also involving KLM Royal
Dutch Airlines acquiring a 20
per cent stake, would be
cleared by both the European
Commission and domestic regulators. Only last month, Sir ulators. Only last month, Sir Colin Marshall, BA's chief executive, was explaining to a group of American and British financial analysts BA's plans to develop a new European airline hub in partnership with Sabena and KLM in Brussels.

Through this deal BA was hoping to boost its European operations, whose financial performance has been deteriorating during the last five years. ating during the last live years.
At the same time, the partnership with the Belgian airline
was one additional component
in BA's strategy of continuing to build up its position as a bal carrier.

After the flasco of its aborted deal to acquire a stake in United Airlines last year, BA had clearly hoped for an easier ride with Sabena. The irony is that while BA had always expected the EG to examine the agreement closely, it had not anticipated an anti-trust referral in its home ground especially since both the Bel-gian and Dutch Governments appeared solidly in favour of

BA did not hide its anger yesterday. It described Mr Rid-ley's decision as "Indicrous" since the EC was already scru-tinising the deal. "It's a silly Little Englander decision

R NICHOLAS Ridley, the trade and fodustry secretary, appears to have taken British Airways foot," was one wry comment foot," was one wry comment from Speedbird House yester-

> From the beginning, how-ever, the Sabena deal was seen by the airline industry as a key test of both the EC's attitude to competition and liberalisation in the European airline industry as well as the British Government's own commitment to an open skies policy in the UK. an open skies poncy in the UK.
>
> Immediately after the
> Sabena deal was signed at the
> end of last year, Mr Michael
> Bishop, the chairman of British Midland, the second tier
> UK carrier in which Scandina-

vien Airlines System holds a minority stake, filed a complaint in Brussels. He was subsequently heard by the UK Office of Fair Trading last month. Other smaller airlines both in the UK and Rurope have expressed concern over the Sabena venture and one, Trans European Airways, in lgium has filed a complaint in a Belgian court. But Mr Bishop has undoubtedly been the most outspoken opponent

of the Sabena deal.

He said yesterday that he was extremely concerned by the deal because it involved the dominant airlines in three adjacent countries."Together they have the majority of slots at six airports within a 250 mile radius from London," he said. The airports are Heath-row, Gatwick, Manchester, Bir-mingham, Brussels and Amsterdam. "This would make it very difficult for new airlines to compete against them." he

Mr Rishop added that since the marger of BA and British Caledonian, BA had assumed such a dominant position in the UK that it prevented the introduction of more competi-tion in the market. "Although we have been granted licences to operate routes from Heathrow to Europe, we are finding it difficult to set up new services either because we can't get the slots or because other governments don't want competition," he said.

Mr Bishop also argued that there was a fundamental differ-ence between the UK with its large multi-airline industry and other European countries where the airline industry was concentrated around one national zirline.

Under the circumstances. Mr Bishop remarked, what was good for BA was not necessarily good for the smaller British airlines, for the consumer, or for UK commercial interests UK Government officials are

understood to be particularly concerned by the implications of the deal on air traffic between the UK and Belgium. Officials claimed BA and bena would have 70 per cent of the 1.25m passengers travel-ling between the UK and Belgium every year. The next big-gest airline would be Mr Harry Goodman's Air Europe with less than 10 per cent.

Mr Ridley's decision to refer the BA-Sabena deal to the MMC could also have broader European implications by fuel-ling the debate in Brussels on competition and deregulation in the EC airline industry. Indeed, the Commission is currently split over airline compe tition policy. While Sir Leon Brittan, the competition com-missioner, and his staff are worried by the current spate of mergers and alliances in the European airline industry, other commissioners have argued that European airlines must be able to build up their critical size to compete against other big international carriers from North America or the Far

Apart from the Sabena deal, the EC is investigating KLM's

various stakes in other Dutch airlines as well as the recent takeover by Air France of UTA, the French independent long haul carrier. The deal has also given Air France control of Air Inter, the domestic French airline, and a dominant position in its home market. But the French argue that in Europe, most countries have a

dominant airline, including the UK with BA, with a dominant share of their respective domestic markets. "In a liberalised European airline market, our competition will not come from small airlines but from equally if not larger US or Far Eastern airlines. Concentration is bound to happen since the Europeans must compete against other mega carriers," a French aviation official

recently remarked.

The big European airlines have also argued that mergers and alliances were designed to make carriers more efficient and cost effective thus enhancing service to customers. Expressing his disappointment at the MMC referral, Lord King, BA's chairman, said yesterday the new Sahena venture was designed "to establish a new hub and spoke airline out of Brussels massively expanding evicting services, increasand cost effective thus enhancing existing services, increas-

ing customer choice and producing long-term benefits for the

BA claimed that its case was easy to argue on strict competition grounds because the new Sabena would provide more aircraft, more routes and more services giving the customer greater choice. It also add it would not compromise with the UK authorities over its deal to acquire a minority stake in Sabena as it did over the BCal merger when it was forced to

It furthermore questioned Mr Ridley's rationale for not referring KLM as well to the MMC. Mr Ridley did not refer the KLM deal partly because it was under investigation in Brussels and he did not believe that BA had the same influence over KLM as it is likely to have in Sahena.

Whatever the outcome, Mr Whatever the outcome, Mr Ridley, one of the advocates of a dual airline policy involving BA and an independent BCal for the UK back in the days before BA privatisation five years ago, has now unleashed a new controversy over open skies which promises to intensity the traditional infighting between airlines and pressure groups to new heights of acrigroups to new heights of acri-

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Conder soars to £10.4m Scot Heritable 1989 REPORT profit setback CONDER GROUP, the property tures business in a beoyant UK developer which provides a market and IEI had a highly satisfactory year. There was a cautionary note

strong stockmarket strengthening our overall Capital and Reserves but with unprecedented natural catastrophes affecting trading results.

However, our total financial strength enables us to recommend a 13.3% increase in the dividend for the year, to 25.5 p.

Welcome news not only for our shareholders but also for our policyholders worldwide whose protection rests on our strength and who can be reassured by the fact that "We are there when you need us".

We have amended the presentation of the accounts to focus on the wider

1989 was a mixed year, with a issue of total movement in Capital and Reserves which now stand at £2,663m.

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Gestetner Holdings PLC

At the time of the preliminary announcement of the results for the period ended 31st October, 1989, it was stated that the Company would pay a final dividend of 6p per share on 4th April, 1990 to holders of Ordinary shares registered at the close of business on 9th February, 1990, following approval of members at the 1990 Annual General Meeting. For administrative reasons, the Annual General Meeting is now to be held on 19th April, 1990 and the dividend will therefore be paid on 4th April, 1990, as announced, as a second interim dividend in lieu of a final dividend.

Holders of Ordinary shares in bearer form should lodge Coupon 129 at Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London, EC3P 3AH on or after 4th April 1990 for their entitlement to the above dividend.

Holders of Ordinary Capital shares are reminded that, whilst they have no entitlement to a cash dividend at this time, they are entitled to scrip in lieu of the second interim dividend for the period ended 31st October, 1989. Such entitlement, based upon each Ordinary Capital share registered at close of business on 9th February 1990, is as follows:

based on the average price of for each Ordinary Capital share held, holders will receive

242.235294p 0.0330257 of an

Ordinary Capital share

Fractions of new shares will be sold for the benefit of the Company. Scrip, to be allotted on 27th March 1990, will be despatched to registered shareholders on

Holders of Ordinary Capital shares in bearer form should lodge Coupon 129, with allotment instructions, at Barclays Bank PLC, Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH on or after 4th April 1990 for their entitlement to registered Ordinary Capital shares in accordance with the above.

66 Chiltern Street

= FINANCIAL HEADLINES =

- Capital and Reserves increased by £529m to £2,663m, up 25%
- Net assets per share up from 441p to 546p
- Pre-tax trading profit £126m (1988: £223m)
- **Earnings per share 18.6p (1988: 32.1p)**
- Total dividend up 13.3% to 25.5p per share
- Premium income up over 19% to £4,743m
- Investment income up 25% to £522m

	Royal	insurance
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The	1989 Ann	nal Report a	ind Accounts i	s being posted	to all shareholders. Copies are available fro	M
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Group Corporate Relations, Royal Insurance plc, 1 Cornhill, London, EC3V 3QR. NAME.

Optimism

on cocoa

agreement

extension

By David Blackweil

TALKS ON extending the

troubled international cocoa

agreement for two years

beyond September are prog-ressing well, although financial

hurdles remain to be cleared.

"I'm very impressed by the progress we have made," said

Mr Peter Baron, chairman of

the International Cocoa Organ-

isation's council after a full

session yesterday morning.

tude which I have not seen for some time. I will do all that I

can to keep up the momen-

Mr Baron was optimistic

that a solution to the problems of financing an extension could

be found by the end of the

week. Producer countries have agreed in principle that the

There is a co-operative atti-

Court rejects MMB challenge

A SOMERSET farm's bold legal challenge to the monop-oly purchasing powers of the British Milk Marketing Boards was broadly rejected by the European Court of Justice yes-

terday. Cricket St Thomas Estate – known to millions as setting for the TV series To The Manor Born – was told by the Luxembourg based judges that it is required to pay contribu-tions and "financial charges" to the MMBs for milk it sells directly to the retail market, provided such payments are consistent with the "principle of proportionality" under EC

At issue in the case was the Boards' exclusive right con-

firmed by EC regulations to milk for consumption, and purchase all liquid milk must therefore be distinguished from other operations, equalise the price it pays farmers, irrespective of the final use to which that milk is

One of the arguments advanced by Cricket St Thomas Estate was that pes-teurised milk is processed milk and does not therefore come under the Boards' monopoly powers. Yesterday's verdict, however, pointed out that "the pasteurisation process, which is a treatment carried out a particular tempera-ture in order to ensure that the milk keeps better, does not essentially alter the nature of the product, which remains guished from other operations, in particular processing operations, which involve converting the milk into a differ-

As for MMB contributions intended to "regulate" the difference between the higher price the likes of Cricket St Thomas can obtain through direct sales and the lower price paid by the Board, the Court said that these were intended to "prevent producer processors and producer retailers from having an advantage over other producers who, being less able to market their milk directly, sell milk to the

Presidency and Commission strive to end price deadlock

NEW ATTEMPTS to break the deadlock in the European Com-munity's farm price negotia-tions are expected this morn-

ing.
Mr Michael O'Kennedy, the
Irish Agriculture Minister who
is currently in the Presidency
"chair", and Mr Raymond Mac-Sharry, the EC Commissioner for Agriculture, were working overnight on a new compro-mise proposal to put to Minis-

ters today.

The key question is how far the Commission will be prepared to soften its demand for a broad price freeze and brighten up a package which many member states feel provides little joy for their increasingly assertive farm lob-

THE COURT of Auditors of the EC, the Community's official financial watchdog, has highlighted weaknesses in the private storage arrangements for the pigmeat sector. In a special report published yesterday (Official Journal No C 76) it singles out operations in Belgium, the Netherlands and Italy concluding that resources and methods employed to carry out the various types of control there were

Mr MacSharry has so far shown little willingness to budge, appealing to Farm Ministers not to undermine the EC's position in the interna-tional trade negotiations known as the Uruguay Round and emphasising the weaken-ing trend in world cereal markets (and hence the increased cost of disposing of EC surluses). Yesterday he received the

support of Mr John Gummer, the UK's Minister of Agriculture, for insisting that any reductions in the producer tax known as the co-responsibility levy should be accompanied by equivalent price cuts, though Mr Gummer was less charitable about the Commission's plans to channel special help to small farmers. He said thes should be taken out of the package completely.

Schlesinger warns of oil shortage

WORLD OIL demand may fully stretch existing productive capacity in as little as two years from now, according to Mr James R. Schlesinger, the former US Defence Secretary, Energy Secretary and CIA Director. He forecast a price rise of up to 40 per cent, and described the present outlook as "a threat to national secu-rity."

Mr Schlesinger, in evidence to the Senate Energy Committee, tacitly challenged a more reassuring picture which had been offered by Mr John J. Easton, the Assistant Energy Secretary. Both agreed that under present conditions. US domestic output would continue to decline, demanding growing imports.

Mr Schlesinger pointed out

that in addition Soviet production was in decline, and output from Iran and Iraq had been lower than expected despite the strong pressure for revenue

WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets).
'ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,740-1,780 (1.750 - 1.780)

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse,

CADMIUM: European free

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 8.25-8.55 (8.10-

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 220-235 (225-240). MOLYBDENUM: European

dic oxide, \$ per lb Mo, in warehouse, 3.25-3.35 (same). SELENIUM: European free 9.00 (same).

following the war between them. US demand could rise to 11m barrels a day, up from 7m "The import bill will then likely exceed our trade deficit,"

market, min 99.5 per cent, \$ per lb, in warehouse, 5.60-6.00 (5.50-6.10)

TUNGSTEN ORE: European

free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 39-56 (39-57). VANADIUM: European free market, min. 98 per cent, \$ a lb Nuexco URANIUM:

COCOA - Leadon FOX

strengthen intervention board

By Bridget Bloom, Agriculture Correspondent

BRITAIN'S INTERVENTION Board for Agricultural Produce is to change its status from April 2 as part of a govern-ment-directed effort to improve

its efficiency.

IBAP, which administers within the UK the market regulation and production support measures of the EC's common agricultural policy, is to become an executive agency. It will thus be subject to greater financial disciplines and tougher targets, although still remaining under ultimate government control.

According to a statement by Mr John Gummer, the Minister of Agriculture, establishing IBAP as an agency "will give it the impetus and additional formation of the statement of t financial and management tools to... strengthen its per-formance and promote a more effective and efficient quality of service to its customers."

Yesterday, Mr Neville Diser-ens, IBAP's finance director, said that it was hoped agency status would bring the organisation closer to its customers, mainly commodity traders. The Board's Chief Executive, Mr Guy Stapleton, had written to trading associations "for the first time asking what they most needed in terms of service from IBAP."

IBAP was set up in 1973 on Britain's entry to the EC. According to its latest annual report, turnover in 1988 fell by £500m to nearly £2.6bn, or around its 1985-86 level. Almost £2.1bn was accounted for by spending on CAP related measures ranging from payment of export subsidies to the storage of surplus commodities.

The Board has suffered from persistent staff problems over the years, not helped by its location in Reading, where competition for skilled workers is intense. Some re-location is

now planned.
However, the greatest customer complaint with IBAP has been its inefficient payments system. Though the backlog is now within the two months required by EC law, new computers are expected to enable payments to be made within three or four weeks, officials said.

officials said.

■ The EC could have Community-wide rules on the control of salmonella in poultry by the end of the summer, Mr John Gunmer, UK minister of agriculture has said. Mr Ray Mac-Sharry, the Farm Commis-sioner, had assured him that proposals on the controls would be published by May. Britain's poultry industry has complained that controls following last year's salmonella-in-eggs crisis are so tough that they harm its contracts.

Nine tenths of Brazil's sug-

UK aims to | US environment groups mount attack on 'the scourge of lead'

els of the metal in their blood.

By Kenneth Gooding, Mining Correspondent

IMPORTANT environmental pressure groups are combining in an effort to drive the US lead industry out of business, Mr Nick Moore, mining analyst with the Ord Minnett financial services group, suggests in the organi-sation's latest Mining Weekly. He says the US Environmen-

tal Protection Agency and the Environmental Defence Fund have combined "to tackle the scourge of lead." Mr Moore adds a warning: "Past experience has shown that the EPA and EDF are not toothless organisations. Such is their tenacity that, once they

get their teeth into something, they rarely let go."

The EDF launched its campaign with a report which says "millions of children in the US are being poisoned by lead" because they have harmful lev-

By R.C. Murthy in Bombay

NORMALLY GOLD-crazy

Indians have stayed away from the bullion market at the

the numer of demand for gold since last week, sending prices tum-bling, following New Delhi's decision to scrap controls on gold trading.

Zaveri bazaar, the hub of

india's bullion trade in Bom-bay, was plunged into turnoil as the market was gripped by

panic selling. Prices plummetted by 10 per

cent in a week and the down-

trend is continuing. The current price of R3,100 per 10

grammes is equivalent to \$568

a troy ounce, still nearly \$200 higher than the London bullion

market level, which has also fallen sharply this week. There was no trading in Bombay yes-

terday because of a festival.
The fall was triggered by the proposed repeal of the 28-year-old Gold Control Act, which prohibited individuals from

holding unwrought gold and

allowed goldsmiths to keep

only 100 grammes as stock in trade while licensed traders

The report says that degrading lead-based paint is probably the primary source of the pollution and the EDF estimates the cost of cleaning up 2m affected homes will be \$10bn. The EDF is recommending to Congress that this be paid for through a \$1.25 a lb excise tax on lead to be paid for seven years by miners and fabrica-tors. Mr Moore points out this is more than four times the average London Metal Exchange price for lead which was 30.5 cents a lb last year.

The EDF says its scheme would "create an incentive to adopt safer substitutes" but Mr Moore points out 60 per cent of

The legislation was intro-duced after a Indo-Chinese con-

frontation in 1962 to conserve

gold for arms acquisition. But the gold control act outlived its

usefulness as Indian industry attained maturity and sophisti-

cation and relations between

the two countries thawed. Gold traders became a privi-

leged class and acquired vested interest in perpetuating the restrictions on goldsmiths. The proposed repeal, which is part

of the Government's budget presented last week, will

Parliament approves a new framework to meet demand for

Traditionally, Indians use gold in jewellery and as a store

of value providing hedge against inflation. Though new

saving instruments like corpo-

rate shares have been intro-duced, gold continues to glister

more for Indians than any oth-

A sea-change has been seen

come effective in April after

"Importantly, the tax would be levied on imported as well

as domestic lead," says Mr

lead-acid batteries for which no alternative is on the horizon. "The use of lead in batteries is price insensitive. Thus, bat-tery producers could charge extortionate prices for their product knowing that, within the bounds of their own battery competition, there was no

attack is to promote reduced lead mining and smelting and encourage secondary recycling. he points out. A number of primary lead

alternative," says Mr Moore. Meanwhile, the EPA's line of

producers have already moved into the secondary (or scrap) business and the trend is likely to continue. "The emotional battle has already been lost," suggests Mr Moore. "The battle to be won is to convince the legislators that secondary lead recycling is an environmental

south Indian state of Karna-taka, the country's only

source. With recycled gold

meeting a third of total demand, smuggling has become the main source of sup-

ply. Analysis place India's gold consumption last year at 250 tonnes, of which some 170 tonnes were smuggled.

decide soon on allowing expa-triate Indians arriving in the

country to bring gold as part of

personal baggage on paying some import duty, which would narrow the gap between

the domestic and inter-national

prices and at the same time

avoid outflow of foreign

The Indian government is to

India to end controls on gold

buffer stock manager will be able to sell more than 2,000 tonnes from his 250,000-tonne stock if need be. The producers, who collectively owe the organisation nearly \$140m in unpaid levies, self-sufficient in the yellow metal through local production and recycled gold, is now a net importer. The supply/demand imbalance lifted local prices to more than a third over the international level making imports attractive. have also committed them-

selves to gathering funds to finance the maintenance of the buffer stock during any extension of the pact.
The organisation is expected imports attractive. Gold imports are banned and to have \$15m left in its coffers by the time the pact officially expires in September. That local production is just two tonnes a year at the state-owned Kolar gold fields in the would be enough to finance the buffer stock for only one year. All attempts at defending an agreed price range for cocoa have long since been aban-doned, and any extension to

> economic provisions. However. if the agreement is allowed to lapse, the buffer stock will have to be sold on the already oversupplied world market.
>
> • International Cocoa Organisation members are considering whether to approach the UN Common Fund for Commodities for recognition as an inter-governmental body. Recognition would allow the ICCO to seek money from the fund for activities such as research and development, marketing

the agreement will contain no

over the past 28 years on the gold scene. India, which was were not subject to any restricexchange on gold import. Brazil expects sugar supply problems to continue

By John Barham in Sao Paulo

BRAZIL'S PRODUCTION of sugar-cane is unlikely to increase this year. Government officials warn that Brazil will-again have difficulty in meeting its sugar export commitments and forecast a substan-tial reform of the country's sugar-cane based alternative fuel policies. Last year, alcohol supplies began drying up and honour forward sugar export contracts.

High/Low AM Off

WORLD COMMODITIES PRICES

m. 98.7% purity (5 per tonne)

duce alcohol. But Mr Paulo Sergio de Souza, an official at the Sugar and Alcohol Insti-tute (IAA), said: "It would take several years to increase sucar-cane production and meet demand for fuel alcohol."

Demand for fuel alcohol is put at 15bn litres a year, but Brazil's distilleries only pro-

(Prices supplied by Amalgameted Metal Trading)

lai Kerb close Open Interes

Ring turnover 26,125 tonne

ar-cane output is used to prodiscouraging production and encouraging consumption.

Mr Paulo Cesar Ximenes, a enior official in the Infrastructure Ministry, which manages the alcohol policy, said: "There is a proposal to use fuel alcohol as a mixture, but never as an exclusive fuel. Another is to simply stabilise production of

alcohol at present limits." previous Government held down the alcohol price to control inflation, simultaneously inflation policy has brought a 30 per cent decline in consumption by almost doubling prices inflation policy has brought a 30 per cent decline in consump-

and withdrawing two-thirds of the economy's liquidity. This year's planned sugar-cane production is to be announced next week. How ever. Mr de Souza said: "at best, output will remain the same as last year and there will surely be a lack of sugar." Under forward contracts signed with commodity brokers, the IAA must export 1.3m tonnes of sugar over the coming four years at prices below

MARKET REPORT

GOLD lost no further ground yesterday in London after Monday's dramatic retreat after a huge Middle Eastern sale. But dealers said the market remained nervous, and still looks vulnerable operators still leaning towards a bearish stance. "Gold's got to go some way to recoup vesterday's losses and I cannot see it moving above \$372 in the short-term." one dealer sald. On the LME copper rallied in morning trading on news that Southern Peru Copper had declared force majeure on blister copper deliveries to the Peruvian government refinery. But by the

London Markets

SHOT MARKETS

1		
Crude oil (per harrel FOB)		+ or -
Dubal	\$15.80-5.85y	
Brent Blend	\$18.35-8.40y	10
W.T.L (1 pm est)	\$20.34-0.36y	025
Oli products		_
(NME prompt delivery per to	onne CIF)	+ or -
Premium Gesoline	\$225-227	+4
Gas Oli	5 158-169	-1
Heavy Fuel Oil	\$74-76	-1
Naphtha	\$170-172	+ 1
Petroleum Argus Estimates	1	
Other		+ or -
Gold (per troy ez)	\$370.00	+200
Silver (per troy oz)	499c	+3
Platinum (per troy oz)	\$476.0	-11.0
Palladium (per troy oz)	\$127.60	-1.15
Aluminium (tree market)	\$1585	+15
Copper (US Producer)	134 <u>%</u> c	
Lead (US Producer)	57.5c	
Nickel (free market)	430c	
Tin (Kusia Lumpur market)		-0.12
Tin (New York)	302e 83 lac	+2
Zinc (US Prime Western)	03:46	
Cattle (live weight)†	112.70p	+1.07*
Sheep (dead weight)†	241.02p	+16.3*
Pigs (live weight)†	96.65p	-1.26"
London delly suger (rew)	\$372.4w	-0.6
London daily sugar (white)	\$446.0w	-0.5
Tate and Lyle export price		-1.0
Barley (English feed)	£106.25z	
Maize (US No. 3 yellow)	£132.5v	
Wheat (US Dark Northern)	£132.0V	- ;
Rubber (May)	56.75p	-0.70
Rubber (Jun)♥	57.25p	-wo .
Rubber (KL RSS No 1 Apr)	28.0m	-0.5
Coconut oil (Philippines)	\$370w	
Palm Oil (Matersian)5	\$280z	
Copra (Philippines)5	\$255y	
Sovebeens (US)	£170.0	
Action AAR Indon	70 0E+	4070

eco. Whondon shysical market. §CEF

close the metal had retreated as liquidation and profit-taking emerged following the failure of the Comex May contract to penetrate Monday's high of 116.40 cents a lb. Lead prices regained some of Monday's losses. Despite last week's 6,850 tonnes rise in LME stocks, supplies remain tight and some traders were concerned that lead delivered into warehouses had only been lent by producers. Aluminium prices moved ahead, helped by confirmation of a serious fire at

Compiled from Reutes

Orissa, India.

Nalco's aluminium smelter in

	_		
SUGA	R - Loud	on FOX	(\$ per tonne
Reve	Close	Previous	High/Low
May	339.60	344,40	344,40 339.00
Aug	343.00	347.40	348.20 343.00
Oct	331.80	335.00	335.20 331.80
Dec	329.00	328.03	325.80 325.80
Mar	308.00	310.60	310.00 308.00
May	306.00	309.60	308.80 307.80
White	Close	Previous	High/Low
May	443.0	444.5	444.0 442.0
Aug	437.5	440.0	439.5 437.0
Oct	409.0	411.0	410.0 408.0
Dec	399.5	401.5	399.5 366,0
Mar	394.0	396.0	394.5 392.5
May	393.0	395.5	392.0 391.5
Turnov	er: Rew 3	434 (1830) id	ota of 50 tonnes.
TESTING C	21 (1751) William (55		DE40
2540 C	ANULUS (L.)	rperiona	e): May 2548, Aug lar 2300, May 2300
2070, 0	CK 2011, E	ACC 2012, 18	ar 2300, analy 2300
CHUDI	(QEL - 1	PE	\$/berrei
	Late	et Provio	us High/Low
May	1843	18,44	1853 1833
Jun	1847		1850 1838
Jul	1848	18.43	,
IPE Ind	ex 1850	18.30	
Turnov	er. 4424 (t	1765)	
eas o	6. — 時間		\$/tonne
	Latest	Previous	High/Low
Apr	159.00	158.50	159.00 158.25
May	155.50	155.50	155.75 154.25
Jun	155.50	154,25	156.50 154.00
Jul	157.25	155.75	158.75 168.00
Aug	159.00	157.50	158.00 157.00
Sep	161.25	159.75	180.75 158.75
Oct	163.00	162.25	163.25 162.00
Nov	164.25	163.25	165.00 164.25
Dec	164.75	164.75	166.25 164.75
Turnovi	ır 4943 (3	752)lots of	100 tonnes
tonne week.	ended Ma ended Ma e against	uch 23 emo 785 tonnes	ort sales for the united to 108 in the previous high quantity
			A. domental 1
	erlous co	untries invo	ived including

C and f Dundee: BTC \$575, BWC \$600, BTD \$550, BWD \$580; c and f Amwerp: BTC \$580, BWC \$660, BTD \$535, BWD \$525.

Mare				
May	748 762	752 764	756 742 770 755	Cash . 3 months
Jul Sep Dec	774	764 778	770 755 782 770 806 794	э полиц
Dec	798	802 821	808 794	Copper, Gr
Mar May	819 834	821 825	894 515 839 838	Cash 3 months
ICCO is	edicator p	prices (SDF	of 10 tonnes As per tonne). Daily 5.54) 10 day average	Cesh
price to	r Mar 26	898.57 (885	5.54) 10 day average	3 топіть
tor Meter	27 880.0	8 (855.56)	•	Michael (\$ pe
COFFE	i – Lou	doe FQX ·	E/tonne	Cest
	Close	Previous	High/Low	3 months
Mar	650	658	663 645	Tim (\$ per to Cast).
May	662	662	678 658 665 665 676 666 689 661	8 months
Jul Sep	657 672	852 864	665 565 676 666	Zine, Speci
Nov	681	675	689 661	Czah
Jan Mar	702 706	690 700	702 696 . 710 708	8 months
				Zino (\$ per
ICO Ind	r. 2000 (a licator pri	ices (US c	f 5 tonnes ents per pound) for (72.41), 15 day aver-	Cash March 30
Mar 25	Comp. d	ally 71.96 ((72.41). 15 day aver-	LME Closis
-	95 (76.11) 			LME Closin SPOT: 1.625
POTAT	088 – E		· Stonne	. ———
	Close	Previous		- LONDON
Apr May Nov	143.0 178.0	136.0 175.5	144.0 134.0	Gold (fine
Nov	96.0	99.0	177.5 170.0 97.0 96.0	
Apr	144.0	144.0	143.0 139.0	. Close . Opening
Turnove	r 581 (43	4) lots of 4	O tonnes.	Morning fb
				Afternoon (Day's high
SCYAS	IAN INC	AL - RPE	£/tonne	
	Close	Previous	High/Low .	Coine
	131.60	129.00	129.00 198.00	Mandaland
Apr Jun	131.50 129.00	129.00 127.50	129.00 126.00 129.06	Mapielaaf Britannia
Aug	129.00 128.50	127.50 126.50	129.06 128.00	Mapieleaf Britannia US Eagle
Oct _	129.00 128.50 131.00	127.50 126.50 129.00	129.06 128.00 130.50	US Eagle Angel
Aug Oct Turnove	129.00 128.50 131.00 r 46 (70)	127.50 126.50 129.00 lots of 20 1	129.00 128.00 130.50	US Eagle Angel Krogerrand
Aug Oct Turnove	129.00 128.50 131.00	127.50 126.50 129.00 lots of 20 1	129.06 128.00 130.50	US Eagle Angel Krogerrand
Aug Oct Turnove	129.00 128.50 131.00 r 46 (70)	127.50 126.50 129.00 lots of 20 1	129.00 128.00 130.50	US Eagle Angel Krogerrand New Sov. Cld Sov. Noble Plet
Aug Oct Turnove FRIEIGH	129.00 128.50 131.00 r 46 (70) T PUTUE	127.50 126.50 129.00 lots of 20 t 1835 - BFS Previous	128.00 128.00 130.50 lonnes. I \$10/Index point	US Eagle Angel Krogerrand New Sov. Cid Sov. Noble Plet
Aug Oct Turnove FRIEIGH	129.00 128.50 131.00 r 46 (70) T PUTUS Close 1540 1506	127.50 126.50 129.00 lots of 20 t 1858 — BFS Previous 1595 1495	128.00 128.00 130.50 lonnes. I \$10/Index point	US Eagle Anget Krogerrand New Sov. Cid Sov. Noble Plet Silver fix Spot
Aug Oct Turnove FRIEIGH Mar Apr Jul	129.00 128.50 131.00 r 46 (70) T PUTUE	127.50 126.50 129.00 lots of 20 t 1835 - BFS Previous	129.00 129.00 130.50 lonnes. I \$10/Index point High/Low 1509 1400 1312 1295	US Eagle Angel Krogerrand New Sov. Cid Sov. Noble Plet
Aug Oct Turnove Mar Apr Jul Oct Jen	129.00 128.50 131.00 r 46 (70) T FUTUS Close 1540 1606 1310 1418 1435	127.50 128.50 128.00 lots of 20 t 128.50 Previous 1685 1495 1299 1415 1430	128.00 128.00 130.50 lonnes. I \$10/Index point	US Eagle Angei Krogerrand New Sav. Cld Sov. Noble Plet Silver fix Spot 3 months
Aug Oct Turnove FRIEIGH Mar Apr Jun Jun Apr	129.00 128.50 131.00 r 46 (70) T FUTUS Close 1540 1608 1310 1418 1435 1460	127.50 128.50 129.00 lots of 20 t 128.50 Previous 1595 1495 1299 1415 1450 1450	129.00 129.00 130.50 Ionnes. I \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 stentits 12 months
Aug Oct Turnove Mar Apr Juli Oct Jun Apr 8FI	129.00 128.50 131.00 7 46 (70) 1 FUTUR Close 1540 1606 1418 1435 1460 1566	127.50 128.50 128.00 lots of 20 t 1885 — BFI Previous 1886 1496 1496 1495 1450 1450 1450 1450	128.00 128.00 150.50 Ionnes. X \$10/Index point High/Low 1509 1400 1312 1295 1415 1405	US Eagle Angel: Krogerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 stouths 12 months
Aug Oct Turnove Mar Apr Juli Oct Jun Apr 8FI	129.00 128.50 131.00 r 46 (70) T FUTUS Close 1540 1608 1310 1418 1435 1460	127.50 128.50 128.00 lots of 20 t 1885 — BFI Previous 1886 1496 1496 1495 1450 1450 1450 1450	129.00 129.00 130.50 Ionnes. I \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420	US Eagle Angel: Krogerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 stouths 12 months TRADIED &
Aug Oct Turnove Preside Mar Apr Jun Apr BFI	129.00 128.50 131.00 7 46 (70) 1 FUTUR Close 1540 1606 1418 1435 1460 1566	127.50 128.50 128.00 lots of 20 t 1885 — BFI Previous 1886 1496 1496 1495 1450 1450 1450 1450	129.00 129.00 130.50 Ionnes. I \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 shouths 12 months 12 months
Aug Oct Turnove FRIEDOM Mar Apr Jun Apr BH Turnove	129.50 129.50 139.50 1 45 (70) 1 FUTUR 1540 1540 1418 1431 1448 1435 1448 1456 1548	127.60 128.50 128.00 lots of 28 t 128.00 Previous 1585 1496 1496 1490 1450 1450	128.00 128.00 150.50 Ionnes. E \$10/Index point 18gh/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546	US Eagle Angel Krogerrand New Sow. Old Sow. Noble Plet Silver fix Sport 3 months 12 months 12 months 12 months 13 months 14 months 15 months 15 months 15 months
Aug Oct Turnove FRIEDOM Mar Apr Jul Jun Apr BH Turnove GRARM	129.50 129.50 129.50 148 (70) 17 FUTUR 1540 1540 1540 1418 1435 1466 1466 17 494 (87)	127.50 128.50 128.00 lots of 20 1 128.00 Previous 1585 1495 1299 1495 1495 1490 1450 1450 1450 1450	128.00 128.00 150.50 Ionnes. E \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Shver fix Sport 3 months 6 shouths 12 months 12 months 14 months 1500 1500
Aug Oct Turnove FRIEDOM Mar Apr Jun Apr BH Turnove	129.00 129.50 139.50 r 45 (70) r 45 (70) r 45 (70) 1540 1506 1310 1418 1425 1435 1460 1546 r 494 (87) c — BFE Close 112.50	127.50 128.50 129.00 lots of 28 1 1888 — BFR 1588 1495 1495 1415 1450 1550 2	128.00 128.00 150.50 Ionnes. E \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546 E/Ionne High/Low 112.80 112.05 114.90 114.40	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Spot 3 months 6 shorths 12 months 12 months 12 months 13 minuths 15 months 15 months 16 months 17 months 17 months 17 months 17 months 18 mon
Aug Oct Turnove Franch Mar Apr Jun SH Turnove GRANN May Apr SH Turnove May Apr SH Nov	129.00 129.50 129.50 129.50 151.00 1 46 (70) 1540 1540 1310 1418 1435 1460 1546 1460 1546 1546 1546 1546 1546 1546 1546 1546	127.50 128.50 128.00 lots of 20 t 128.5 — BFP Previous 1585 1495 1415 1450 1550 2 Previous 111.60 113.00 113.00 109.00	128.00 128.00 130.50 lonnes. I \$10/Index point High/Low 1508 1400 1312 1295 1415 1405 1425 1420 1546 E/lonne High/Low 112.80 112.05 114.90 114.40 100.30	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Shver fix Sport 3 months 6 enouths 12 months TEADED 6 Alexandran Strike prior 1500 1700 Copper (Gr
Aug Oct Turnove Friendi Mar Apr Jun Apr Birl Turnove GRAMMI Whest May Jun Nov	129.00 129.50 131.00 145 (70) 1 FUTUR Close 1540 1540 1540 1418 1435 1448 1448 1546 1546 1546 1525 1481 1481 1481 1481 1481 1481 1481 148	127.50 128.50 128.00 lots of 20 1 228 - EFF Previous 1585 1490 1415 1450 1550 2 111.60 113.00 103.30 113.05	128.00 128.00 128.00 150.50 Ionnes. # \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546 **Troone High/Low 112.80 112.05 114.90 114.40 109.30 179.15	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plat Sheer fix Spot 3 menths 6 stentits 12 months TRADISO 6 Alexandam Strike prior 1500 1500 1700 Copper (Gr.
Aug Oct Turnove Mar Apr Jun Apr Jun Apr GRAMM Whest Mary Jun Nov Jun Mar	129.00 129.50 131.00 145 (70) 1 FUTUR Close 1540 1540 1510 1418 1430 1448 1448 1448 1546 1546 1546 112.50 114.50 108.36 113.16 118.40	127.50 128.50 128.00 lots of 20 1 228 - EFF Previous 1585 1490 1415 1450 1550 2 2 2 2 111.60 113.00 103.30 113.05 116.25	128.00 128.00 128.00 150.50 Ionnes. 2 \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546 27tonne High/Low 112.80 112.05 114.90 114.40 109.30 179.15 118.40 116.25	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Shver fix Sport 3 months 6 enouths 12 months TEADED 6 Alexandran Strike prior 1500 1700 Copper (Gr
Aug Oct Turnove Franch Mar Apr Jul Oct Jun Apr Jun GRARM Wheel Mar Jun Nov Jun Mar Barley	129.00 129.50 129.50 129.50 139.50 145 (70) 1540 1540 1540 1418 1435 1435 1435 1436 1546 112.50 108.35 114.50 108.36 113.16 116.40 Close	127.50 128.50 128.00 lots of 20 1 228 - EFF Previous 1585 1490 1415 1450 1550 2 2 2 2 3 11.60 103.00 113.00 113.05 116.25 Previous	128.00 128.00 128.00 128.00 150.50 Ionnes. # \$10/Index point High/Low 1509 1400 1312 1295 1415 1405 1425 1420 1546 **Endown Proceedings of the Common Proceedings of the Co	US Eagle Angel Krogerrand New Sov. Noble Plat Sheer fix Spot 3 menshe 6 stentise 12 months TRADIED 6 Alexandeus Strike prior 1800 1800 1700 Copper (Gr
Aug Oct Turnove FRIENDIN Mar Apr Jun Apr Jun GRABBI Wheel May Jun Nov Jen Barby May May	129.00 129.50 139.50 r 46 (70) r 46 (70) 1540 1506 1310 1418 1425 1460 1546 r 494 (87 14.50 114.50 114.50 114.50 114.50 116.40 Ciose 116.50 116.40	127.50 128.50 128.00 lots of 20 1 228.00 lots of 20 1 228.00 1455 1450 1450 1450 1450 1550 2 2 2 2 2 2 3 3 3 3 3 3 3 3 3 3 3 3 3	128.00 128.00 128.00 130.50 lonnes. I \$10/Index point High/Low 1508 1400 1512 1295 1415 1405 1425 1420 1546 E/loane High/Low 112.80 112.05 114.90 114.40 109.30 173.15 118.40 118.25 High/Low 106.40 105.16	US Eagle Angel Krogerrand New Sow. Old Sow. Noble Plet Silver fix Sport 3 months 12 months 12 months 12 months 12 months 13 months 1600 1700 Copper (Gr. 2500
Aug Oct Turnove Friendit Mar Apr Jun Apr Jun Apr Jun Apr Jun Mar May Jun Mar Barley May May May May May May May May May Ma	129.00 129.50 129.50 129.50 151.00 146 (70) 1540 1540 1540 1540 1540 1418 1438 1438 1448 1450 1546 112.50 112.50 113.16 116.40 107.35 110.50	127.50 128.50 128.00 lots of 20 1 28.5 — EFF Provious 1583 1495 1445 1450 1550 2 2 2 3 111.60 113.05 116.25 Previous 194.80 197.20 194.80 194.80 194.80 194.80 194.80 194.80 194.80 194.80	129.00 129.00 129.00 129.00 150.50 Ionnes. I \$10/Index point High/Low 1509 1400 1512 1295 1415 1405 1425 1420 1546 E/Ionne 112.80 112.05 114.80 114.40 100.30 173.15 116.40 116.25 High/Low 105.16 107.20	US Eagle Angel Krogerrand New Sow. Old Sow. Noble Plet Silver fix Sport 3 months 6 shouths 12 months 12 months 12 months 13 months 1600 1600 1700 Copper (Gr. 2600 2600 Codice 600
Aug Oct Turnove FRIENDIN Mar Apr Jun Apr Jun GRABBI Wheel May Jun Nov Jen Barby May May	129.00 129.50 131.00 146 (70) 17 FUTUR Close 1540 1540 1540 1418 1431 1448 1450 1546 14250 114.50 118.40 118.40 118.40 118.40 118.40 118.40 118.40 118.40 118.40 118.40 118.40	127.50 128.50 128.00 lots of 20 t 128.00 lots of 20 t 128.5 Provious 1588 1495 1415 1450 1550 2 Previous 111.60 102.30 113.05 Previous 114.05 115.55 Previous	128.00 128.00 128.00 130.50 lonnes. I \$10/Index point High/Low 1508 1400 1512 1295 1415 1405 1425 1420 1546 E/loane High/Low 112.80 112.05 114.90 114.40 109.30 173.15 118.40 118.25 High/Low 106.40 105.16	US Eagle Angel Krogerrand New Sov. Old Sov. Noble Plet Shver fix Sport 3 months 12 months 12 months 12 months 1600 1700 Copper (Gr 2500 Coffee 600 650
Aug Oct Turnove Francis Mar Mar Apr Jul Oct Jun Apr Jun Apr Jun Nov Jun Nov Jun Mar Mar Mar Turnove Turnove	129.00 129.50 129.50 129.50 131.00 146 (70) 17 FUTUR 1540 1540 1540 1418 1435 1490 1546 1546 112.50 114.50 108.36 113.16 116.40 107.35 110.55 113.56	127.50 128.50 128.00 lots of 20 t 128.5 - BFP Previous 1585 1495 1495 1490 1550 2 2 Previous 111.60 113.05 110.25 110.25 110.25 110.25 110.25 110.25 110.25	128.00 128.00 128.00 130.50 Ionnes. I \$10/Index point High/Low 1508 1400 1312 1295 1415 1405 1425 1420 1546 Encore High/Low 112.80 112.05 114.90 114.40 109.30 173.15 118.40 116.25 High/Low 105.40 105.16 107.20 110.95 113.36 113.36 Seriev 80 (83).	US Eagle Angel Kroperrand New Sov. Old Sov. Noble Plet Sheer fix Spot a months a chentis. 12 months TEADED 6 Alexandran Strike prior 1500 1700 Copper (Gn 2500 2500 2500 Codice 650 700
Aug Oct Turnove Francis Mar Mar Apr Jul Oct Jun Apr Jun Apr Jun Nov Jun Nov Jun Mar Mar Mar Turnove Turnove	129.00 129.50 129.50 129.50 131.00 146 (70) 17 FUTUR 1540 1540 1540 1418 1435 1490 1546 1546 112.50 114.50 108.36 113.16 116.40 107.35 110.55 113.56	127.50 128.50 128.00 lots of 20 1 228 - EFF Previous 1585 1490 1415 1450 1550 113.60 113.60 113.60 113.65 116.25 Previous 104.80 107.20 110.85 110.85	128.00 128.00 128.00 130.50 Ionnes. I \$10/Index point High/Low 1508 1400 1312 1295 1415 1405 1425 1420 1546 Encore High/Low 112.80 112.05 114.90 114.40 109.30 173.15 118.40 116.25 High/Low 105.40 105.16 107.20 110.95 113.36 113.36 Seriev 80 (83).	US Eagle Angel Kroperrand New Sow. Old Sow. Noble Plat Sheer fix Spot 3 months 8 shouths 12 months 12 months 1500 1500 1700 Copper (Gr 2500 2500 2500 Codee
Aug Oct Turnove Francis Mar Mar Apr Jul Oct Jun Apr Jun Apr Jun Nov Jun Nov Jun Mar Mar Mar Turnove Turnove	129.50 129.50 129.50 129.50 129.50 151.00 145 (70) 1540 1540 1540 1310 1418 1430 1546 1450 1546 112.50 114.50 105.05 113.16 116.40 107.35 110.85 113.50 110.85	127.50 128.50 128.00 lots of 20 1 228.00 lots of 20 2 20 2 20 2 20 2 20 2 20 2 20 2 20	128.00 128.00 128.00 130.50 Ionnes. I \$10/Index point High/Low 1508 1400 1312 1295 1415 1405 1425 1420 1546 Encore High/Low 112.80 112.05 114.90 114.40 109.30 173.15 118.40 116.25 High/Low 105.40 105.16 107.20 110.95 113.36 113.36 Seriev 80 (83).	US Eagle Angel Kroperrand New Sov. Old Sov. Noble Plet Sheer fix Spot a months a chentis. 12 months TEADED 6 Alexanden Strike prior 1500 1700 Copper (Gn 2500 2500 2500 Codice 650 700

Close Previous High/Low

117.5

119.8 114.5 117.8

r 1 (20) lots of 3,250 kg

121.0 115.0 118.0

Copper, 4	2) A ober	per to	nne)					Ring	ELFROVET (63,350 tor
Cesh 3 months	1579-81 1550-2		1592-3 1580-1	٠.	1615/1570 1586/1538		112-4 180-1	1540-1	67.	.037 lots
eed (2 p	r tonne)					_		Ring	turnover '	10,850 ton
Çeşh S months	610-20 495-7		605-10 485-8		660/540 510/497		0-5 6-7	466-500	10	490 lots
	er tonne)				VICE-100					or 686 ton
Cest	9900-50		9250-3		9320		20-50			
months	8950-75		8050-û	000	0100/9650	91	00-60	9000-50		35 lots 1,345 ton
in (\$ per math	6480-500		8280-5		8485	64	80-6	reng	MINORE	1,040 831
8 months	6570-80		6490-5	DG	6580/6520		35-40	6530-50		33 lots
	495 H	(eber			477044555			Filing	turnover '	13,625 ton
Cash 8 months	1670-80 1578-80		1680-8 1577-8	U	1700/1890 1800/1571		93-8 90-5	1570-5	16,	780 lots
Zino (\$ pe								Ring	turnover'	1,800 ton
Cash March 30	1590-600 1590-600		1635-4 1520-3	0	1590		90-6 85-90		124	i lots
ME Clos	ng \$13 pn				-					
POT: 1.6	30	٠ ٤	mont	4. 1.5	68	6 m	onthe: 1.	736		enthác 1.50
				•						
	BULLADO					21_	T	7B_		٠.
	oz) \$ pric			ednia		πe	W I	ork		
Close . Opening		-370¼ -368¼		27 12-22 27-227	86 . 12	ecu	100 troy	oz.; Sitroy (·
Morning 1		5	2	25.636 27.048	-		Close	Previous	High/La	
Day's hig	h 370%	-8714				Mar	388.7	365.8	0	0
Day's low	367-3	72				Apr May	369.1 371.6	368.2 368.8	870.6 371.3	367.7 ° 371.3
Coine	\$ pric	*	٤	edmjAi	lent	Jun Aug	374.3 379.0	371,4 376.2	375.7 380.4	372.9 - 377.7
Mapieleai Britannia	877-30 377-30	12 10		92-295 92-295		Oct	383.8	361.1	384,2	383.7
US Eagle	377-38	12	2	2-235		Dec Feb	388.6 383.6	366.0 391.1	390.7 394.5	387.5 303.0
Angei Krogerran	379-36 d 369-37			34-237 27-229		Apr	398.2	395.8	399.5	397.0
New Say.	86-86	-	5	8412						
Cid Sov. Noble Pla	86-88 480.70	-486.9		3-54 ¹ 2 36-90-3	01.60	PLAT		troy oz; \$ /tr		٠.
Weer fix	p/line			8 cts 6			Close	Previous		
Boot .	-306.60			5.50		Apr Jul	477.8 483.9	483.5 489.3	480.5 486.5	473.5 479.5
	318.25	j	5	76.15		Clet Jen	489.5 495.5	495.8 501.3	490.0	485.5
				17.05 10.10		Apr	502.1	507.9	501.3	801.3
attentite.	330.10	•								
i chonthe 12 months	390.10 353.95									
E thorribe 12 months TRADED	350.16 353.95 OPTIONS					SLVE	R 5,000 tr	oy oz; centr	vitroy oz.	
6 months 12 months TRADIED (Alecalolos	\$90.10 \$63.95 SPTICHES (99.7%)		eliş İnte		Pota .		Close	oy oz; centr Previous	virnay caz. High/Lon	
6 months 12 months TRADISO (Aleccinius Strike pric	350.16 353.95 OPTIONS	Ci	July	May	July	Mer	Close 495.4	Previous 495.5	High/Los 467.0	494.0
6 storiție 12 monthe 12 monthe 12 monthe 12 monthe 1500 1500	\$90.10 \$63.95 SPTICHES (99.7%)		July 111 56	May 14 54	July 36 81		Close 495.4 495.6	Previous 495.5 495.8	High/Lo	
8 storitos 12 months TRACISO (Aleccinios Strike pric 1500 1500 1700	\$90.10 \$63.95 OFFICES \$ (99.7%) Se \$ tonne	Ci Mary 94 36 9	July 111 56 27	May 14 54 127	July 36 81 147	Mer Apr Mey	Close 495.4 495.6 499.4 507.5	Previous 495.5 496.8 499.7 507.8	High/Los 487.0 0 . 800,6 509.0	494.0 0 496.5 504.6
8 storifte 12 months TRACISO (Alexalnian Strike pric 1500 1500 1700 Copper (G	\$90.10 \$63.95 OFFICES \$ (99.7%) Se \$ tonne	Ci Mary 94 36 9	July 111 58 27	May 14 54 127	July 86 81 147	Mer Apr Mey Jul Sep Dec	Close 495.4 496.6 499.4 507.5 516.0 527.5	Previous 495.5 496.8 499.7 607.8 516.2	High/Los 487.0 0 . 500,5	494.0 0 496.5
E storiție 12 montie 78ADED (Alecalolium Strike pric 1500 1500 1700 Copper (S	\$90.10 \$63.85 OPTICES (99.7%) to \$ tonne	G May 94 36 9	July 111 56 27 Ms	May 14 54 127	July 88 81 147 Pote	Mer Apr Mey Jul Sep Dec Jan	Close 495.4 496.6 499.4 507.5 516.0 527.5 581.0	Previous 485.5 496.8 499.7 507.8 516.2 527.6 531.1	High/Los 487.0 0 . 800.6 609.0 517.0 528.5 0	494.0 0 496.5 504.6 518.6 525.0
8 storities 12 months 78ADIED (Alexander Strike pric 1800 1800 1700 Copper (G 2600 2500	\$90.10 \$63.85 OPTICES (99.7%) to \$ tonne	Ci May 94 36 9	July 111 58 27	May 14 54 127	July 86 81 147	Mer Apr Mey Jul Sep Dec Jan Mer Mer	Close 495.4 495.6 499.4 507.5 516.0 527.5 581.0 539.0 546.9	Previous 485.5 496.8 499.7 807.8 516.2 527.8 531.1 539.0 546.8	High/Lon 467.0 0 800.5 509.0 517.0 528.5 0 540.0	494.0 0 496.5 504.6 518.6 525.0 0
8 storitte 12 months TRACISO (Alecchilum Strike pric 1600 1700 Copper (G 2600 2600	\$90.10 \$63.85 OPTICES (99.7%) to \$ tonne	Ci May 94 36 9 - Ci 149 86 44	July 111 56 27 78 134 68 54	Many 14 54 127	July 86 81 147 Pate 85 136 200	Mer Apr Mey Jul Sep Dec Jan Mer	Close 495.4 495.6 499.4 507.5 516.0 527.5 581.0 539.0	Previous 485.5 496.8 499.7 507.8 516.2 527.8 531.1 539.0	High/Lon 487.0 0 . 500.6 509.0 517.0 528.5 0 540.0	494.0 0 496.5 504.6 518.6 525.0 0
8 storiths 12 months TRACISC (Alexandria Strike prio 1600 1700 Copper (G 2600 2600 2600 2600 2600	\$90.10 \$63.95 OPTICES 2 (30.7%) 30 \$ tonne	Ci May 94 36 9 - Ci 149 86 44 May	July 111 56 27 78 134 58 54	May 14 54 127 26 64 120	July 38 81 147 147 158 85 136 200 Jul	Mer Apr Mey Jul Sep Dec Jan Mer Mer May Jul	Ciose 485.4 495.6 499.4 507.5 516.0 527.5 881.0 539.0 546.9 656.0	Previous 495.5 496.8 499.7 507.8 516.2 527.8 531.1 539.0 546.8 564.9	High/Lon 487.0 500.5 509.6 517.0 528.5 0 540.0 583.0	494.0 496.5 504.6 518.5 525.0 0 196.5 0 553.0
S storitte. 12 months 12 months 12 months 13 months 14 months 15 months 16 months 17 months 16 m	\$90.16 \$63.05 \$PTICES \$90.79() \$5 tonne	Co May 94 36 9 - Ci 149 44 May 67 32	July 111 56 27 78 134 68 54	May 14 54 127 26 64 120 May 5	July 36 51 147 248 55 136 200 Jul 22 43	Mer Apr Mey Jul Sep Dec Jan Mer Mer May Jul	Ciose 485.4 495.6 499.4 507.5 516.0 527.5 881.0 539.0 546.9 656.0	Previous 485.5 496.8 499.7 807.8 516.2 527.8 531.1 539.0 546.8	High/Lon 487.0 500.5 509.6 517.0 528.5 0 540.0 583.0	494.0 496.5 504.6 518.5 525.0 0 196.5 0 553.0
S stortite 12 months 12 months 12 months 13 months 14 months 15 months 16 mo	\$90.10 \$80.82 9FTIGES 2 (99.7%) so \$ tonne	Co Mary 94 36 9 - Co 149 86 44 May 67 32 13	July 111 56 27 78 134 58 54	May 14 54 127 26 64 120	July 36 81 147 147 158 85 200 Jul 22 43 74	Mer Apr Mey Jul Sep Dec Jan Mer Mer May Jul	Ciose 485.4 495.6 499.4 507.5 516.0 527.5 881.0 539.0 546.9 656.0	Previous 495.5 496.8 499.7 507.8 516.2 527.8 531.1 539.0 546.8 564.9	High/Lon 487.0 0 800,6 809,6 809,6 517.0 688.5 0 540.0 0 568.0	494.0 0 496.5 504.6 513.6 525.0 0 536.5 0 553.0
S storitte 12 months 12 months 12 months 13 months 16 mo	\$90.10 \$80.82 9FTIGES 2 (99.7%) so \$ tonne	Co May 94 36 9 - Ci 149 44 May 67 32	July 111 56 27 78 134 68 54 Jul 79 50	May 14 54 127 26 64 120 May 5	July 36 51 147 248 55 136 200 Jul 22 43	Mer Apr Mey Jul Sep Dec Jan Mer Mey Jul	493.4 495.6 499.4 507.5 5716.0 527.5 581.0 588.9 566.0 GRADE C	Previous 485.5 496.8 499.7 607.8 516.2 527.6 531.1 530.0 546.8 554.9 COPPER 25,0 Previous	HSgh/Lon 487.0 9 500.5 509.0 517.0 628.5 9 540.0 0 583.0 127.50	494.0 496.5 504.5 513.5 525.0 0 508.5 0 6012/be
8 stortitus 12 months 12 months 12 months 1784580 (Alexahalus 1800 1700 1700 1700 1700 1700 1700 1700	\$50.10 \$65.82 \$FTICERS 0 (99.7%) to \$ tonne	Co May 94 36 9 - Co 149 86 44 May 67 32 18	July 111 56 27 78 68 54 Jul 78 60 31 Jul 75	May 14 54 127 28 64 120 May 5 1 May 5	July 36 81 147 148 85 136 200 Jul 22 43 74 Jul 14	Mer Apr Mey Jul Sep Dec Jan Mer Mey Jul	Close 483.4 495.6 499.4 597.5 576.0 527.5 539.0 548.9 558.0 GRADE C	Previous 485.5 496.8 499.7 507.8 516.2 527.6 531.1 530.0 546.6 554.9 OPPER 25,0 Previous 126.20 118.80	HSgh/Lor 487.0 9 500.5 500.5 500.5 517.0 688.5 0 540.0 0 583.0 127.50 118.10	494.0 0 496.5 504.5 513.6 525.0 0 536.5 0 663.0
8 storitte 12 months 12 months 12 months 12 months 12 months 12 months 1500 1500 1500 1500 1500 1500 1500 150	\$50.10 \$60.25 \$FTICRES \$ (50.7%) \$ tonne	Ci May 94 36 9 149 86 44 May 67 32 19 May 52	July 111 56 27 68 134 68 54 Jul 79 60 31 Jul 75 44	May 14 54 127 28 64 120 May 5 20 51 May 5 22	July 36 81 147 147 158 200 Jul 22 43 74 Jul 14 23	Mer Apr May Jul Sep Dec Jan Mer Mer Mer Mer My Jul	Ciose 495.4 496.5 499.4 496.5 516.0 527.5 539.0 546.9 555.0 Glose 121.65 112.25 109.85	Previous 485.5 496.8 499.7 607.8 516.2 527.6 531.1 530.0 546.8 554.9 COPPER 25.6 Previous 126.20 118.80 114.70 111.80	High/Lon 487.0 500.5 500.5 500.5 500.5 517.0 628.5 0 540.0 0 588.0 127.50 118.10 116.40 0	494.0 498.5 504.5 513.5 525.0 538.5 0 553.0 117.60 117.60 0
8 storitte 12 months 12 months 12 months 13 months 14 months 15 months 16 mo	\$50.10 \$65.82 \$FTICERS 0 (99.7%) to \$ tonne	Ci May 94 36 9 - Ca 149 86 44 May 67 32 19 55	July 1111 556 27 78 50 54 Jul 78 50 51 Jul 75 444 24	May 14 127	July 36 81 147 248 85 136 200 Jul 22 43 74 Jul 14 23 63	Mer Apr Mey Jul Sep Dec Jan Mey Jul Mar Apr Mey Jun Jul	Close 485.4 486.5 489.4 507.5 510.0 581.0 588.0 548.9 548.9 548.0 Close 121.65 112.25 109.65 707.10	Previous 485.5 496.8 499.7 507.8 516.2 527.8 531.1 530.0 546.8 554.9 OFPER 25,6 Previous 128.20 1118.60 111.80 109.10	High/Lon 487.0 9 500.5 509.0 517.2 528.5 0 540.0 0 583.0 127.50 118.40 0 116.50	494.0 0 498.5 594.5 513.5 525.0 0 588.5 0 583.0 117.60 112.00 0 117.60
TRACES 4 Altraholm Strike pris 1800 1700 Cepper (6 2400 2800 2800 Codice 650 700 Cocce 700 Reset Crace	\$50.10 \$65.82 \$FTICERS 0 (99.7%) to \$ tonne	Ci May 94 36 9 149 86 44 May 67 32 19 May 52	July 111 56 27 68 134 68 54 Jul 79 60 31 Jul 75 44	May 120 May 5 12	July 36 81 147 147 158 200 Jul 22 43 74 Jul 14 23	Mer Apr May Jul Dec Jan Mer May Jul Mar Apy Jun Jul Jun Jul Sap Sap	Close 485.4 486.5 489.4 489.4 480.7 5 510.0 527.5 531.0 538.0 558.0 558.0 678.0	Previous 485.5 496.8 490.7 507.8 516.2 527.6 531.1 530.0 546.8 554.9 COPPER 25.6 Previous 128.20 118.80 141.70 106.10 107.20 105.40	High/Lon 487.0 500.5 500.5 500.5 500.5 500.5 500.0 500.0 500.0 500.0 127.50 118.10 116.40 0 106.10	494.0 0 498.5 504.5 513.5 525.0 0 553.0 117.60 117.60 117.60 120.00 0 104.00
8 storitte 12 months 12 months 13 months 14 months 15 mo	\$50.10 \$60.25 \$FTICRES \$60.7%) \$5 tonne	Ci May 94 36 9 - Ca 149 86 44 May 67 32 19 55	July 1111 556 27 78 50 54 Jul 78 50 51 Jul 75 444 24	May 14 127	July 36 81 147 248 85 136 200 Jul 22 43 74 Jul 14 23 63	Mer Apr Mey Jul Sep Dec Jan Mer Mey Jul Mar Apr Mey Jul Aug	Close 483.4 495.6 495.6 495.6 571.5 571.6	Previous 485.5 486.8 486.8 489.7 607.8 510.2 527.8 551.1 530.0 546.8 554.9 Previous 126.20 118.60 111.90 107.20	High/Lon 9 500.5 500.5 500.5 500.5 517.0 628.5 0 540.0 0 553.0 100 Rbs; ce High/Lon 127.50 118.10 116.50 9	494.0 0 496.5 504.6 513.6 525.0 0 530.5 0 553.0 120.00 117.60 0 107.00

CHUDE	E CAL (L)o	htt 42,000	JS galls \$/I	berrel	_ Ch	icag			
	Letest	Previous	High/Low	,	_ 🕠:	reg	•		
May	20.50	20.46	20.60	20.26	-				
` مئال	20.65	20.55	20.67	20,41	BOYA	BEANS 5,0	00 bu min; c	enta/60tb b	ushel
Jul Abg	20.67	20.55	20.69 20.85	20.43 20.36	- · <u>··-</u> -	Close	Previous	High/Low	
Sep '	20.55	20.41	20.55	20.20	May Jul	60072 613/6	603/4 617/4	606/0	599/4
Oct Nov	20.48 20.45	20.36 20.22	20.46 20.45	20.30 20.25	Aug	617/4	621/2	619/2 623/0	613/4 817/0
Dec	20.40	20.28	20.40	20.22	Sap	615/6	620/0	821/4	615/4
Jan Feb	20.40 · · · · · · · · · · · · · · · · · · ·	20.24 · . 20.20	20.40 20.32	20.20 20.20	Nov Jan	621/2 630/4	625/2 635/0	826/4 635/4	621/0 630/4
		000 ES de	Os, cents/L		– Mar	640/0	644/4	645/0	640/0
	Latest		High/Low		May	647/0	651/0	651/0	647/6
	5505	5488	5905	5435	_ SUTA		60,000 lbs; c		
Apr May	5345	5306	5345	5280		Close	Previous	High/Low	
ويال	5800	6247 5254	5300 5300	5225	Mer May	21.15 22.16	21.15 22.40	21.15	21.15
Jul Aug	5300° 5355	5812	5365	5240 5310	Jul	22.27	22.40	22.49 22.58	22.15 22.26
Sep	5485 .	5432 .	5485	5435	Aug	22-15	22.37	22.40	22.15
Oct Dec	5565 5655	5507 5857	5586 5686	5625 5655	Sep Oct	21.90 21.56	22.11 21.77	22.17 21.90	21.90 21.55
Jen	588 0	5682	5710	5880	Des - Jan	21.58	21.67	21.80	21.55
COCO	10 tonne	e;\$/tonnes				21.40	21.48	21.65	21.40
	Close	Previous	High/Low		- <u>501</u> 2		L 100 tons;		
May	1117	1097	1123	1098	-	Ciose	Previous	High/Low	
Jul Sep	1136 1145	1114 1129	1142 1180	1117 1133	May Jal	173.4 177.8	174.2 178.4	174.7 178.7	173.2
Dec	1770	1149	1171	1152 ·	Aug	179.6	180.6	180.8	177,5 179,5
May	1168 1201	1170 1185	0 1200	7200 ·	Sep Oct	181,9 183,1	182.2 183.5	182.5 183.7	181.6
Jul .	1218	1200	0	ė.	Dec	186.6	187.2	187.5	183.0 186.4
COITE	E "C" 87,	soolba; cen	ts/lbs		- Jan Mar	188.2 194.2	189.2 194.7	189.0	188.0
	Close	Previous	High/Low					0	0
May	90.08	91.04	92.40	89.25	- ==		nin; cents/5		
Jul -	91.62	92.85	93.35	91.20	===	Close	Previous	High/Low	
	98.50 95.75	94.75 97,05	94.80 96.75	98.00 95.75	May	261/2 264/4	260/8 264/4	281/6 265/4	260/4
Mar .	98.25	99,20	6	0	Sep	259/2	259/4	261/0	263/6 259/0
May Jul	99.25 102.50	100.75 103.00 .	0. 0	0.	Dec	256/2 251/4	257/2 262/2	258/6 263/4	255/6
	WORK D		O liber, cent		- May	263/6	284/4	268/4	261/0 263/6
	Close	Provious .	High/Low		_ <u>Jub</u>	266/0	266/6	256/6	266/0
May	15.35	15.55	15.54	15.27	- WHEA		min; cents/6	Otb-bushel	
' 'الال	15.36	15.57	15.53	15.26	·	Close	Previous	High/Low	
Oct Mar	14.98 . 14.07	15,07 14,18	15.07 14.10	14.86 19.97	May Jul	356/0 340/0	359/0	359/0	355/0
May '	13.02	14.05		18.85	See	347/0	341/2 348/2	341/6 348/2	339/4 347/0
الدال	13.77	13.90	<u> </u>	0	Dec Mar	359/4 368/2	380/6	36170	359/0
COTTO	N 50,000;	cente/lbs			Mer	370/0	388/4 370/0	-367/4 370/4	365/6 369/4
	Close	Previous	High/Low		LIVE	ATTLE 40	000 lbs; cent		
		70.57	70.93	70.45		Close			
	71.17 85.96	71,00	71.30 66.30	70.86	•		Previous	High/Low	
Dec		88.10 64,57	64.64	85.96 64.30	Apr Jun	77.02 72.85	77,32 72,87	77.37 72.92	76.92 72.80
		66,15	66.12	65.90	Aug	72.47	72.47	72.60	72.32
		68.22	66.35	66.35	Oct Dec	73.57 73.95	73.57 73.95	73.70 74.00	73.47
		15,000 Dec		<u></u>	Feb	74.00	74.00	74.05	73.80 73.95
		Previous	High/Low		Apr	74.17	77.32	0	74.17
May Jul	192.75	183.00	194.00	192.00	LIVE	00\$ 30,00	O to; cente/ti	*	· · · · · · · · · · · · · · · · · · ·
	182.60		183.80	187.10 182.60	·	Close	Previous	High/Low	
Nov	174.75	175.95	178.00	175.00	Apr	82.70	53.47	63.05	52.60
		171.50 171.50	172.10 171.50	172.00	Jun	57.10	57.5 5	57.30	56.82
	171.15	171.50	172.50	171.00 172.50 .	Jul Aug	56.47 54.37	58.82 54.82	56.72	56.15
	171.15	171.50	_	o ·	Oct	48.80	48.70	54.55 48.90	54.07 48.65
Brose	RS .			.]	Dec Feb	48.95 47.87	49.05	49.00	48.75
REUTE	R\$ (Same	: Septemb	er 18 1931	= 10m	Apr	47,97 45,70	48.05 45.82	47.97 45.80	47.85 45.70
	Mar 27	Mer 25					0,000 lbe; co		45.70
<u> </u>			Mary ego						
	1912.7	1900.7	1829.2	2002.2	17	Close	Previous	High/Low	
_			1 1974 = 1		May Jul	52.60 53.35	58.27 54.12	53.25	51.80
<u>. · · · </u>	Mar 26	Mar 23	mugs ego	yr 4go	Aug	51.32	54.12 52.00	53.95 51.20	52.80 50.90
	132:02		131:45	157.57	Feb	67.16	57.65	57.6 5 .	56.65 ·
) COLUMN	131.32	132.46	132,96	139.12	May	57.15 57.90	57.90 58.30	0	58.70 .
				•				20	

LONDON STOCK EXCHANGE

Down to earth with a sudden bump

A STRING of disappointing corporate results and a lack of impetus in Tokyo brought the UK stock market down to earth with a bump yesterday, driving the FT-SE Index down by more than 30 points in significantly increased trading volume. Technical pressures inside the London market were suddenly reversed as a leading securities house finished closing bear positions taken on following last week's UK Budget and then backed away from equi-

ptimism .

ireement.

tension.

Market indices were badly hit by a huge fall in Cariton Compaunications following the sale of Cosworth Holdings, its specialist engines subsidiary,

`	· · · ·	
Aboom	nt Dealing	Detas
Picel Dealings: May 12	Mer 26	Apr 9
Option Declarat Mar 22	Apr 6	Apr 28
Lest Declings; Mar 25	Apr 6	Apr 27
Apr 2	Apr 17	May 8
Tipy the deal	tops may be	place from

to Vickers for what was regarded initially as a poor price. Trading news from the shipping and construction group P & O also disappointed the market, and a £127m rights laste from T & N, the engineering components firm, provided further discouragement.
Equities opened lower after a

feeble performance by the Nik-led Index overnight, and losses were extended as the flow of company news hit the trading screens. Firmness in sterling had a more conventional effect that it research days positive that that in recent days, pointing to harder times for the overseas earning stocks rather than providing comfort on domestic interest rate prospects, ICI turned sharply lower as inves-tors assessed the outlook for the global petrochemicals

The setback in equities gathered pace when UK Gilts, having already reversed early gains, fell away sharply in late dealings. The final reading on the FT-SE Index, taken at The flow of disappointing cor-

4.30pm since Stock Exchange trading hours changed this week, showed a loss of 32 points at 2,266.2.

Why we were at 2,300 on Monday"? was the despairing answer of one trader to the question of why the market fell

yesterday. Seaq volume increased to 385.9m from the 383.3m of the previous session, and included a £30m trading programme reportedly from Smith New Court, the UK securities house.

There was more "serious business" yesterday, according to a senior trader at a US firm.

which has benefited over the past month from good divi-dends and earnings statements from major companies. Poor profits news from, among others, Bunzl and Marley, were seen as reminders that there could be gloomier times ahead. In the wake of the Budget Speech from Mr Major, the UK Chancellor of the Exchequer, the equity market's hopes for an easing in domestic interest rates have been put back to next year. On the international next year. On the international front, the continuing weakness of the Yen, reflected in the new uncertainty in Tokyo equities, has re-awakened London's concern over the outlook for global markets.

BAA defied the overall mar-

ket trend as investors and trad-

ers considered the statement

from 8.5 per cent shareholder ADT that the company's articles of association should be changed. The articles say

that no person may own more than 15 per cent of BAA. ADT argued that the changes would retain the UK

Government's special share in BAA, created to protect the national interest. BAA was 11 higher at one point and closed

a penny better on the day -

disappointed and the compa-

FINANCIAL TIMES STOCK INDICES 76.23 99.59 85.12 105.4 50.69 (15/3/88) (22/3/90) (26/11/47) (3/1/75) 1798.1 1779.1 1771.4 2008.6 1447.8 2008.6 49.4 (5/9/89) (3/1/89) (5/9/89) (28/5/40) 378.5 154.7 784.7 43.5 (8/2/90) (17/2/90) (16/2/93) (26/10/71) FT-6E 100 Share 2463.7 1782.8 2463.7 966.9 (3/1/90) (3/1/89) (3/1/90) (23/7/84) Basis 100 Govi, Seca 15/10/25, Fixed int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE, 100 S1/12/63, & Nil 10-21 Earning Yld %(full) P/E Ratio(Net)(☆) 11.75 11.80 10.27 11.61 11.69 10.36 11.81 10.26 28,239 717,13 23,056 365.5 32,761 31,487 25,788 28,346 763,48 952,90 844,67 775,58 34,281 32,862 24,865 32,668 439.0 476.2 350,1 402,9 GILT EDGED ACTIVITY Gilt Edged Bargaine 103.6 107.1 nges Day's High 1809.9 Ordinary Share Index, Hourly of Day's Low 1785.3 *SE Activity 1974. *Excluding lattre-market business & Oversess intrrover. Calculation of the FT Indices of delty Equity Bargains and Equity Value and the series of Equity Value. The series of Equity Sergains and Equity Value, som discontinued a July 31. Closing values for July 25 evaluation report and latest Starra Indice. Tel. 0.098 120001. 12 pm 1 pm 2 pm 3 pm 1798.5 1798.2 2 pm 1797.7 1789.7 1788.8 Open 9 am 10 am 1809.0 1809.5 Day's High 2295.6 Day's Low 2265.8 Open 8 am 10 am 111 am 12 pm 1 pm 2 pm 3 pm 2294.1 2280.5 2280.5 2280.5 2280.5 2280.5

Heavy setback

in Carlton Cariton Communications fell' steeply as analysts cut their profit forecasts in response to a less than bullish comment from the company on trading. The weakness was initially

the weakness was muchy exacerbated by the sale of the company's specialist engine division, Cosworth, to Vickers, for £163.5m. The market's viewed that figure as below most estimates made since Cosworth was put up for sale

The analysts' considered view, that the price was reasonable for both sides, did not reassure the market. Carlton shares suffered from successive bouts of what one researcher called "panic sell-ing." They fell to a low of 585p after New York opened with still further selling. The shares

ended the day at 590p, a decline of 81. Turnover, at 5.7m shares, was exceptionally high. Among analysts to cut their forecasts, BZW was among the most swingeing; they lopped 215m off their current year estimate to £160m. Others were more modest, such as Hoare Govett, which trimmed its figure to £170m from 177.5m.

Most analysts were cautious in their recommendations, sug-gesting that investors should stay on the sidelines until the dust had settled. One said: The stock looks reasonable value, but I don't know who will have the guts to buy it."
Another added that Carlton
was undervalued "if you can
live with the inevitable uncer-

Prudential active

Preliminary profits from Prudential Corporation up 9 per cent at £385.5m, against last time's £352.6m, were initially regarded as satisfactory. In particular, the dividend, up 15 per cent, was said to have been at the top end of expecta-tions, although one trader said that super-bulls of Prudential were disappointed with the payment.

A subsequent and more thorough examination of the fig-ures brought a re-appraisal and the share price slipped back in keen two-way business to end the session a net 5 off at 201p. Turnover expanded to 7.6m, well ahead of usual levels of business The UBS Phillips & Drew

(UBS) insurance team described the results as "in essence quite good", but added that growth was expected to slow. UBS rate the shares "a and likely to mark time." The main support will come from the yield and divi-dend growth, although the lat-

ter will probably slow to around 14 per cent, continued the team.

Isosceles stubbed Isosceles equity stub fell by almost a third on the announcement that capital restructuring is likely in the

wake of its failure to sell 81 UK stores to Wm Low, the Scottish highly-leveraged company, which took over Gateway food retail group with a more than £2bn bid last year, prompted light selling. The stubs closed at a mid-price of £15 per unit

compared with £22 the previous day. "The selling pressure wasn't that heavy, but the business was all one way," a market participant said. One analyst commented: "The stubs will continue to come under pressure until the uncertainty over Isosceles' recapitalisation is cleared up." Meanwhile, Wm Low continued to advance following the

collapse of the talks, closing a penny up at 303p.

Norex, the transport and insurance company, staged a quick rise to 213p before closing the session 23 up on balance at 200p after analysis had met the company.
Dealers said that buying

interest had arisen as a result of the company's purchase in the first few weeks of the year of discounted debt. Norex paid 255m for \$77m of paper issued against oil rigs by a US com-pany, Global Marine. Mr John Morley, who

researches the company at broker Hargreave Hale, said:
"They timed the deal right."
Other sources said that the cash flow from the rigs when the the debt was bought would not have covered their running costs. Since then, rates have risen by half and the Global is in a position not only to pay per cent coupon, possibly to repay some or all of

warning from Chem Systems, the Anglo-American consul-tancy, that the downturn in Europe's petrochemicals sector could last another 3 years. Mr Martin Glen at Shearson Leh-man Hutton, who recently had discussions with ICI about January and February trading

Talk of a rights issue by the

Norex strong

te principle.
ICI fell 31 to 1113p on a

FT-A All-Share Index

1150

Equity Shares Traded Turnover by volume (million) 400

Jan Feb conditions, also pointed out that shipment of fertiliser products has been severely affected by gales in the UK and that demand in polyurethanes was still weak, especially in the US. Mr Glen predicted a 20 per

cent fall in first quarter profits to £350m, and said: "It looks like the shares have moved up too far in the short term." Davy Corp bucked the mar-ket trend closing 9 up at 245p, following an announcement that Davy is to buy Clecim Group, the metal engineering division of French company Spie Batignolles. Under the terms of the deal, Davy is to issue Swie Batignolles with issue Spie Batignolles with 17.4m new Davy shares, 14.7 per cent of Davy's enlarged capital, which Spie Batignolles will hold as a long term invest-

T&N fell 19 to 175p after the company said it was to make a one-for-three rights issue to raise around £127m to finance a \$190m cash agreed tender offer for J P Industries, a US nased car parts supplier. T&N said the rights issue

would be in two parts with the second part taken up if the offer succeeds. If the offer failed, T&N said the proceeds will be used to reduce borrow-ings. Dealers were concerned about the possible earnings dilution that the deal would cause and also pointed to uncertainty about the deal's completion. Mr Robert Sassoon **NEW HIGHS AND LOWS FOR 1989/90**

porate profits news was an unsettling factor for a market at County Natwest echoed those worries but said, "long term, there is no doubt it is a

hand in glove fit as north America has been an area of weakness for T&N." Vickers see sawed and closed 3 down at 210p, following the announcement that it was to buy Cosworth Engineers, a producer of high performance car engines, from Carlton Communications for £163m. The

turbulence in the share price dealers and analysts about the eventual impact on earnings. Rolls Royce were once again good market and the shares ald up relatively well, closing only a penny lower at 189p on high turnover of 8.2m shares. Profit taking and a little ner-vousness ahead of today's fig-

voisness anean of totay's ng-ures were evident around Hawker Siddeley whose shares gave up 14 to 540p. Lancaster added another 10 to 143p, following Monday's news of the talks which could lead to an offer for the com-

Iceland Frozen Foods unveiled a near four-fold jump in profits to £35m yesterday and the shares advanced 21 to 269p. Mr Paul Smiddy of Kleinwort Benson said the results had set at rest the market's worries about the company's ability to compete with the larger supermarket groups. He left his current year fore-

cast of 243m unchanged, adding that the shares should hit 23 within a month. Mr Andrew Fowler of Charterhouse Tilney said that short-term keland could rise a further 10 and then hold in a range of 280 to 290p. He left his profits estimate unchanged

this year at 242m.

Turnover in the hanking sector was said by dealers to have been negligible. Standard Chartered lost 10 to 528p as income funds took profits and TSB also suffered, losing 4 to 1600 or sultime of charge 2 to 140p on volume of shares 2.2m. Willis Faber, the insurance broker, performed extremely well, advancing strongly to close 9 ahead at 256p on turnover of 1.5m, after the group revealed preliminary figures in excess of the market's most optimistic expectations. Pre-tax profits came out at £62.3m against £54.4m, and the dividend total, 120, caused smiles among analysis.

UBS Phillips & Drew upgraded their current year forecast to £75m and said that the prospective price earnings ratio of 13 times looked "quite attractive." Ms Julianne Jes-sup at BZW said Willis Faber, "seems finally to have turned the corner to sustainable recovery," and rated the shares

Speculative buying of Aquas-

cutum, in the hope that the restricted voting "A" shares might be enfranchised, left the market short of stock squeez ing the price 16 higher to 150p.

TRADING VOLUME IN MAJOR STOCKS British Telecom dipped 3½ to 288p on 5.7m; "down with the market," noted one trader. Racal Electronic lost 6 to 205p | Velume Closing Disy's | Velume Closing Day's | Velume Closing Day' Volume Closing Day's 400's Price chance on 3.7m while Cable & Wire-less dropped 10 to 527p on very thin turnover of 797,000. The latest profits downgrade did little for GEC, which eased 3. more to 205p on 2.1m, while news of the proposed litigation by Electrocomponents saw STC lose 10 to 257p; one specialist said the fall in STC had been "grossly overdone, and that the move would be proved to be of little significance to the Thorn EMI took another tumble, losing a further 20 to 668p with marketmakers con-vinced that more downgrades are in the pipeline. Amstrad edged up 2 more to 64p on good turnover of 4.2m. still buoyed by the optimism expressed recently by Klein-

eadily in the days ahead of with expectations of £18m. the results annou Pearson was the best per-former of the day among FT-SE stocks, holding on to an improvement of 7 achieved carly in the session to close at 673p. Volume was small, even for Pearson, at 90,000 ahares. Dealers said that there appeared to be no selling pressure ahead of year-end figures due on Frider.

due on Friday.

Full-year profits from Bunzl, down 30 per cent at \$55.4m, depressed the shares which closed 10 off at 96p. Trading volume of 10m included two blocks of the cent. blocks of 4m each.

one of only 4 FT-SE 100 shares to rise — at 407p. Turnover was a busy 3.4m shares. Year-end figures from P & O Lower-than-expected final profits from London and Metropolitan, the property group, pushed the shares 14 lower to 106p. Profits of £15m compared ny's shares fell quickly. They recovered from a low of 589p to close at 592p, a net decline of 25. The shares had risen

A moderate decline in crude oil prices coupled with the overall weakness in the market left the oil and gas sector with widespread, although generally modest losses. BP slipped 2½ to 335½p on

turnover of 3.4m shares while Shell, where turnover came out at 2.8m. lost 8 to 464p. British Gas, slightly insettled by the waves caused by the Labour Party's views on the 216%p on turnover of 8.4m. LASMO drifted off 5 more to

water industry, eased 2 to 593p as traders waited for offi-cial news from the group's much-vaunted Westray well in the North Sea. Last week LASMO shares came under sustained pressure amid sto-ries that the well, spoken of in

past weeks as a 200m-barrel discovery had, encountered serious problems. Expectations have now been lowered and observers are now looking for a 100m-barrel find.

Burmah, scheduled to report preliminary results tomorrow — County NatWest is forecasting net income of £91m against £87.2m — lost 6 to 590p. Calor, hit last week by a sell note from County NatWest, suffered another setback, closing a furworries about the Labour Party's stance on the water industry left the Water Pack-age a further £30 down at

■ Other Market statistics. including the FT-Actuaries share index, Page 26

CANADAMS (1) STORES (1) BLECTHICALI (1) FOODS (1) HOTELS (2) SIGUSTRALIS (2) Jurdins Höge, Jurdins Straigle, MOTORS (1) FAPERS (1) TRANSPORT (2) TEMETS (2) OALS (1) TISSED MARKET (1). MEW LOWS (185).

APPOINTMENTS

Finance director for Davy

Mr Derek Hawkins has joined DAVY CORPORATION and will succeed Mr G.L. Carswell as finance director in July when Mr Carswell retires. Mr Hawkins was with Consolidated Gold Fields. BARCLAYS DE ZOETE

WEDD has appointed as directors Mr Dominic Pranklin, Mr David Knight, Mr Rupert Watson, Mr Nigel Fox, Dr Robert Taylor, and Mr Alan Wood.

■ SUNLEIGH has appointed Mr Stephen G. Aston-Smith as finance director. He was company secretary and group financial controller. 🖪 Mr Graham Black has been

appointed director of marketing for TRANS GLOBAL AIR, an airfreight company based at Heathrow. He was commercial director of Mercury Airfreight.

🛎 Mr Ken Manley, chairman of Campbell Foods, has been appointed senior vice esident CAMPBELL'S EUROPE, based in Brussels.

MCLEOD RUSSEL HOLDINGS has appointed Mr John Asher as business

development director from April 2. He was managing director of the industrial division of Crown Berger Europe, Mr Michael Andrews joins the board as a non-executive director

■ BRAITHWAITE has appointed Mr Michael Doherty as a non-executive director. He is chief executive of

m Mr Iain Burns, chief operating officer, British & Commonwealth Holdings, has been appointed a director of

COUNTY NATWEST INVESTMENT
MANAGEMENT has appointed
Mr Clark Hallman as director of marketing. He joins from American Express, and succeeds Mr Geoffrey Osmint who is retiring but continues

 STEEL BURRILL JONES GROUP has appointed to the board of Meacock Samuelson & Devitt Mr David Woodard as a director, and Mr Raj Balasuriya and Mr Graham Duffy as associate directors.

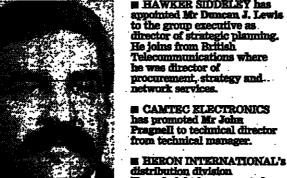
as a consultant

Mr David Glazier has been appointed representative in London of BANCO DEL PACIFICO, Ecuador. The Toron Group has contracted with the bank to establish a London office. Mr Glazier was with the international banking division of Lloyds Bank, with experience of working in Ecuador.



oined KENWOOD as finance director. He was a corporate finance pariner with Grant Thernton, and financial adviser to the management team that bought Kenwood from Thorn EMI last September. Mr Martin Eastwood has been promoted to director of accounting.

April 2. Mr David Cawthra is appointed chief executive. Mr Haro Bedellan is made for the building and civil John Dean is appointed and for Balfour Beatty America Group.



BALFOUR BEATTY, part

of BICC, will have a new organisational structure from managing director responsible engineering activities of the group; Mr Ian Carroll becomes managing director responsible for power activities; and Mr managing director responsible for engineering and services



distribution division Heronfreight has promoted Mr George Chadfield from employee relations manager to director of human resources.



Mr Kevin Meat (above) has been appointed managing director of SERVIS, Wednesbury. He was commercial director, and owns about 40% of the company.

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LONDON SHARE SERVICE

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LONDON SHARE SERVICE

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CURRENCIES, MONEY AND CAPITAL MARKETS

European currencies were generally firmer against the

dollar, partly as traders switched out of yen and into the D-Mark. This took the D-Mark up to Y91.95 from Y91.15. At the London close the

dollar had fallen to DM1.7100

from DM1.7150; to SFr1.5170

from SFr1.5290; and to FFr5.7525 from FFr5.7725. The dollar's index was unchanged

However, the D-Mark

remained depressed within the European Monetary System. The French franc was around

the bottom of the system, but

the D-Mark was fixed at a 20-

month low against the franc of

FFr3.3856 in Paris. In London the West German currency

closed at FFr3.3640 against FFr3.3660 on Monday. In Milan the Bank of Italy continued to buy D-Marks and ECUs as the lira advanced. The D-Mark fell to L734.50 from L735.25 at the London close.

at 69.0.

EURO-CURRENCY INTEREST RATES

4-13 3-24 2-49 1-62 1-27 1-00 0-44 0-28

Calls-se

LONDON (LIFFE)

28-YEAR 9% NOTIONAL EILT 250,860 32±± df 186%

US TREASURY BONIS &% \$100,000 32min of 100%

Estimated volume 22912 (19092) Previous day's cost, lot, 37080 (37367)

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DAINELS (CANFIELD FYEMANICS)

30 STEEL BOX St per S

6 swetts US Dollars

1-rath -3-rath 6-rath 12-rath, 1.6169 1.5999 1.5759 1.7771

Latest High Low Pres. 1.5974 1.5960 1.5940 1.5978 1.5716 1.5716 1.5698 1.5738

95-11

Estimated volume total, Calls 1707 Pais 856 Products day's open lat. Calls 24274 Pais 17780

0.03 0.05 0.11 0.17 0.28 0.44 0.63 0.85

FOREIGN EXCHANGES

Pound advances and yen slides

the US Federal Reserve stayed out of the market on Monday

in New York, despite the dol-lar's advance of about 2½ yen, and it was not seen to inter-

vene yesterday in support of the yen by the time Europe had closed. This tended to con-

firm that talks between Mr

Micholas Brady, US Treasury Secretary, and Mr Ryutaro Hashimoto, Japanese Finance Minister, failed to produce con-

crete measures to support the

yen and that there is unlikely

to be concerted action by the

This lack of action by central

banks maintained downward

pressure on the yen. In London

the US currency rose to a peak of Y157.35, the highest level

since January 1987, before closing at Y156.35 on Monday. Soon after the finish of tradescent Years and Territory of Territory

ish of trading in London the dollar broke through resistance at Y157.50 in New York, rising

Group of Seven.

to Y157.65.

STERLING'S RECOVERY and the continued slide of the Japa-ness yen remained the main features of fairly subdued foreign exchange trading yesterday. UK inflation is expected to move up to around 9 per cent in the next few months, according to City economists. It is likely to stay as high as 7% per cent at the end of the year, on Treasury forecasts, and independent estimates suggest the year-end figure may be

nearer 8 per cent.

Against this background the market sees little immediate opportunity for a cut in UK interest rates. The prospect of a long period of high rates in London, and the lack of any important UK economic news until publication of March retail prices and February average earnings on April 12, provided support for sterling. The pound closed in London

at the day's high against the dollar, gaining 1.20 cents to \$1.6260. Sterling also advanced to DM2.7800 from DM2.7675; to Y255.75 from Y252.25; to FFr9.3525 from FFr9.3175, and was unchanged at SFr2.4675.

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MONEY MARKETS

Rates little changed

INTEREST RATES were steady in London yesterday as the mood was calmed by starling's recent improvement. Threerecent interbank was quoted at 15%-15% per cent against 15%-15% on Monday, while one-year money firmed slightly to 15%-15% per cent from 15%-15%-15%. Profit taking led to a fall in ahort sterling futures on Life.

June delivery opened higher at 84.89, the day's peak. It fell to a low of 84.74 before closing

UK clearing bank base leading rate

at 84.77, compared with 84.86 previously. Day-to-day credit remained

in reasonably good supply on the London money market. The Bank of England forecast a shortage of £100m, but revised this to £150m in the afternoon.

The authorities did not operate in the market before lunch, but in the afternoon provided help of £125m. A total of £50m bills were purchased, by way of £15m bank bills in band 1 at 14% per cent and £35m bank bills in band 2 at 14% per cent. Late assistance of £75m was also provided. of £75m was also provined.

at the Bindesbank. Average holdings for the first 25 days of hands, repayment of late assistance and a take-up of Treasury bills drained £177m, aparts the whole month of DM55bn.

with bank balances below target absorbing £55m. These outweighed Exchequer transactions adding £100m to liquidity and a fall in the note circulation of 45m.

0.519 0.888 0.7% 1.361

Yen per 1,000: French Fr. per 10: Lies per 1,000: Belgian Fr. per 100.

81.73 2.988 125.3 4.580

C\$ 0.523 0.850 1.454 133.8 4.892 1.291 1.637 1068 B Fr. 1.738 2.825 4.831 444.5 16.25 4.288 5.439 3548

0.788 1.209

1.533

C11.00 a.m. Mar 27) 3 months US dollars

circulation of 45m.

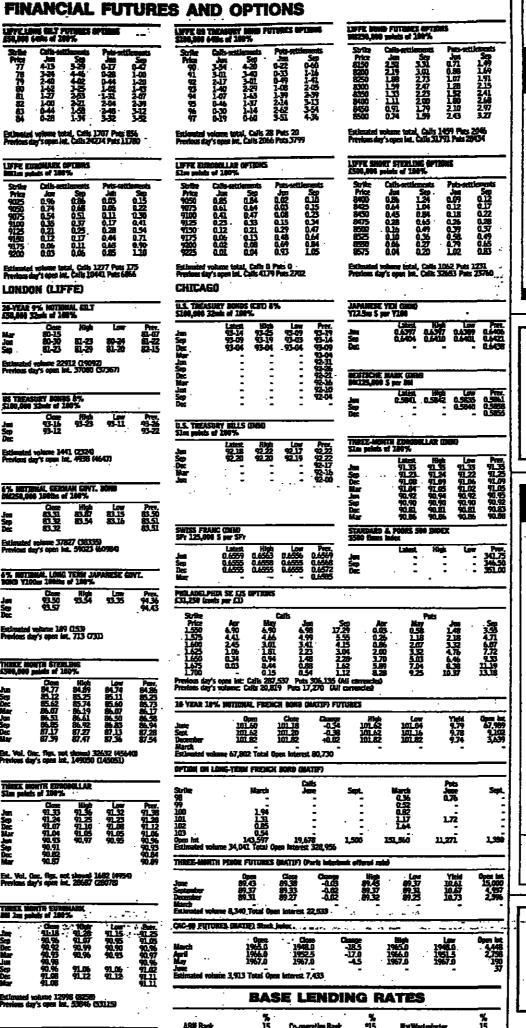
In Tokyo nervousness about the weak yen and demand for money at the end of the month pushed call money up sharply. The unsecured overnight call rate opened at 6% per cent, against 6% per cent on Monday, and rose above 7% per cent in places. The Bank of Japan moved to stem the rise, by injecting liquidity via purchases of Y300bn in bills on the money market. It was estimated that the authorities also lent about Y150bn to banks. The Bank of Japan had initially absorbed a market initially absorbed a market surplus of Y930bn through sales of bills, but then gave support to the market in a move described by dealers as quite unusual. Another factor pushing up

the call rate was a suggestion that a large Japanese investment trust was unable to invest money yesterday because of a computer failure. In Frankfurt call money was steady at 7.45 per cent, as banks appeared to be having no problems in meeting monthly reserve requirements at the Bundesbank. Average

The fixing rates are the artitionalic means rounded to the nearest one-statement, of the bild and offered rates for \$1.0 m quoted to the nearest type reference hanks at \$11.00 a.m. each working day. The banks are Radonal Westerinster Bank, Bank of Tokyo, Dustacle Bank, Banque Retional de Parts and Biorgan Camenty Treet.												
MONEY RATES												
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FT LONDON INTERBANK FIXING

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1. To receive any spotogles for etsence.
2. Yo read the Notice of Meeting.
3. To approve the Minches of a Special General Meeting hald on 25nd December 1985, 4. To approve the Minches of the last Annual Gentral Meeting hald on Thursday, 4th May, 1998 and consider any matters arising therefrom. U.S. \$150,000,000 8% pct Guaranteed Notes Due 1999 8% pet Guaranteed Notes Due 1989
Pursuant to the Piscal Agency Agreement dated 10th August 1989, we hereby give notice that on lat April 1990, The Taiyo Robe Bank Limited and The Milton Bank Limited will merge and shall be known thereafter as The Mitsui Taiyo Robe Bank Limited. This marger will not affect any reasonabilities with respect to this issue. Pursuant to the Piscal Agency Agreement we also advise that with effect, from 1st. April, 1990 the address for The Mitsui Thiyo Robe Bank Limited acting as Paying Agent and Replacement. Agent and The Mitsui Taiyo Robe Bank Limited acting as Paying Agent as Paying Agent, will be as follows:

Ground and 1st Pinor Ground and 1st Piper 6 Broadgate, London, EC2M 1Q8 Telephone: 01-638-8131 Telex No: 388519 83 Boulevard du Prince Henri B.P. 30 L-2010 Lexembourg

neration. 10. To consider any other allowable busi-L By order of the Committee D.R. REES Secretary

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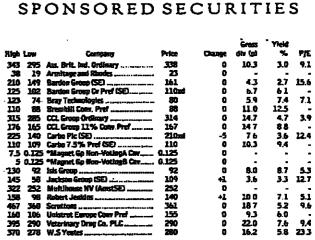
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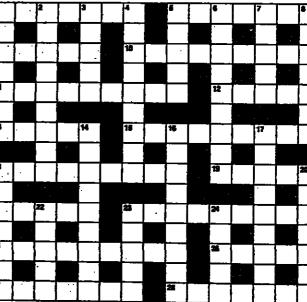
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(7) 5 £5 cash, with a luncheon voucher thrown in, for the old Tin Lizzie (7)

9 Article on general election by Labour leader shows

by Labour leader shows spirit (5)

10 Copy the model being brought in – pep up (9)

11 it seemed to me I pondered poetically (9)

12 Rover perhaps gets the point about dead dack (5)

13 Some are aching for a stretch (5)

15 One thousand to use up: needed to be heavy (9)

15 One thousand to use up:
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18 How one makes arrangements to leave gladiy (3)
19 It's the same when I race
into a party (5)
21 The old criminal has taken
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23 Thin house facing applause
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for the directors (9) 25 Apartment to accommodate

George and the bench fip-pic-fluite (8)

28 Alcoholic fuel? (5)

27 Three-toed sloths caught in a jungle beast tie-up (7)
28 Topless old bags should get
alarm clocks (7)

1 Fascinating speller (7)
2 Strange thing to drop at the end of day (9) 5 Soldier going up to the john in an icy house (5)

4 One as Iggy appears to be, happy-go-lucky (4-5)
5 Nothing in the closed hand to fob off (5)
6 Overwhelmed to be at home, one's construct to be

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14 The number taking females out increases (9)
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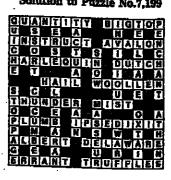
16 Perhaps he should give the money to teacher? (9)

17 Make unwelcome changes to

raise cost (9)
18 Those who can't sleep get into such a state (7) 20 Unmatched quality? (7)
22 Small island put up with artist in elaborate head-

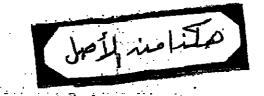
dress (5) 28 Pass over the punctuation

mark (5) 24 High-class job I made out of a little box (5) Solution to Puzzle No.7,199



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FINANCIAL TIMES WEDNESDAY MARCH 28 1990 WORLD STOCK MARKETS										
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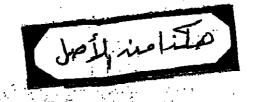
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FINANCIAL TIMES

Free hand

Dow eases as investors focus on next quarter

Wall Street

WITH NO dramatics overnight on Japanese markets and with the first quarter coming to an end, US equities traded in a tight range yesterday but tended to drift lower, writes Janet Bush in New York.

At 1 pm, the Dow Jones Industrial Average was 8.11 lower at 2,699.55 on modest volume of 64m shares. On Mon-day, the Dow had risen 3.38 to 2,707.66 after jumping 20 points in reaction to the second largest rally ever in Tokyo, only to fall back to close with a very modest gain in the second slowest day of trading since the start of the year.

The market was concerned about the next round of quarterly earnings results and volumes were not expected to pick up, as any end-of-quarter buying by institutional portfolio managers had probably been

The only economic figures of any note are today's revisions for fourth quarter gross national product which are not likely to inspire much interest. The financial markets are much more concerned about the performance of the econ-omy this month, given that the

started its regular meeting yesterday to review its monetary stance. There appears to be a consensus that the Fed will leave monetary policy unchanged until it has seen the economic evidence for

Trading was dull in the Treasury bond market as well. At midsession, the Treasury's benchmark long bond was quoted % point lower for a ield of 8.48 per cent.

Among featured stocks was American Express, which dropped \$% to \$26. The company said that it had signed a definitive merger agreement to purchase Shearson Lehman Hutton, but that each Shearson common share would now be converted to 0.48 of a share of American Express instead of 0.426 of a share previously announced. Shearson added

\$% to \$12%. Circle K fell \$% to \$1%. The company said that it was not in compliance with certain holding debt restructuring talks with its lenders. It also announced a loss of 69 cents a

outlook for monetary policy appears to be finely balanced.
The Federal Open Market Committee, which sets a target for the Federal Funds rate, started its results are an extended in the form of the committee of the fiscal quarter ended January.

JP Industries gained \$% to \$16%. T&N of Britain identified itself as the bidder for the committee of
itself as the bidder for the com-pany, which said that it had agreed in principle to be acquired for \$17.30 a share. Bally Manufacturing added \$1 to \$13% on a US press report that Mr Arthur Goldberg, the investor, had bought about \$13m worth of the company's common shares, or about 4.5

Gold mining companies were mixed, falling to recover con-vincingly from their sharp osses on Monday on a plunge in the gold price. Homestake Mining added \$% to \$17% but Newmont Gold slipped another \$14 to \$46%.

A SLIGHT rebound by gold stocks was unable to prevent an opening fall in Toronto share prices in featureless trad-ing. The composite index fell 4.0 to 3,663.5 on volume of 3.8m shares. Declines led advances by 120 to 104.

Among gold shares, American Barrick rose C\$% to C\$21%, Placer Dome gained

Special situations provide interest in general hiatus

thin trading but individual stocks continued to catch the FRANKFURT followed its slightly suspect improvement on Monday, when some blue chips looked nervous, with a move into reverse. After rises in the pre-bourse of about DM2 or DM3 a share, the market was easing with a 1.54 decline to 815.65 in the FAZ index at

By the close, this had stretched to a 14.55 fall to 1,924.98 in the DAX. Volume fell back from DM9.7bn to DM8bn. Dealers talked of selling orders, including instruc-tions from Japan, pointing to a DM11.60 fall to DM791.20 in Siemens and, more particularly, to a Deutsche Bank drop from DM829 in the pre-bourse to DM817 after hours.

In steels, Thyssen came back again, by DM4.50 to DM318.50. However, dealers pointed out that it went ex a DM10 dividend on Monday, so that day's net fall was only DM2. Similarly, Allianz went ex rights yesterday and its net fall was DM32 to DM2,595

Preussag rose another DM5.50 to DM467. There was a story that Nixdorf is to be extracted from the DAX index as it comes under the control of Siemens and that Preussag, greatly expanded by its own takeover of the Salzgitter steel

group, has been chosen to replace it. PARIS declined in low volume, with Paribas, once again, one of the few stocks to attract much activity. The CAC 40 index lost 18.20 to 1,945.96 in turnover estimated at FFr1.5bn

after Monday's FFr2.1bn.
Paribas, which is holding a board meeting today, fell FFr4 to FFr694 with 816,075 shares traded, including one block of 400,000. Assurances Générales de France, the state-controlled urer and an ally of Paribas, said that it had raised its stake from 5 per cent to 9 per cent over the last few days.

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that Dumez, the construction group, was selling its 12 per cent stake in Framatome, the nuclear power plant builder, to CGE. Dumez rose to FF1920, before closing at FFr900, up FFr11, while CGE slipped FFr4 to FFr567. Skis Rossignol, the ski

maker, dropped FFr35 to FFr995 after Monday's warning that it expected an annual net loss of FFr10m to FFr15m. MILAN edged up in thin trading, beginning to be cautious before the administrative elections in May, which will reveal the coalition government's nominarity. The Comit ment's popularity. The Comit index rose 0.26 to 675.01. Local brokers expected volumes to shrink further as the elections

Latina, the insurance com-pany, was still sought on con-tinued speculation that Mr Carlo de Benedetti would soon sell his controlling stake. The stock rose L150 to L15,700. Montedison and Enimont also finished higher on optimism about an accord between the state and Montedison regardcontrol of Knimont Mon tedison added L49 to L1,939 and

Enimont rose L29 to L1,450.

AMSTERDAM was generally asier but Amro Bank and ABN firmed on their merger plans. Amro rose Fl 1.50 to Fl 80.60 and ABN added 10 cents to Fl 40.20. The CBS tendency index dropped 0.8 to

115.2 in low volume. VMF Stork, the machinery producer, was 10 cents higher at Fl 49.50 before reporting 1989 net profits up 40.6 per cent to F191.6m, and predicting a further rise in earnings in 1990. But the airline, KLM, lost F12.20 to F136.50 following statements by the Mr Jan de

Soet, chairman, that the profits outlook was worsening. ZURICH saw higher domestic interest rates and a weak showing in Frankfurt, and the Crédit Suisse index fell 9.2 to 582.0. After hours, Pargesa said that its net profit for 1989 had

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SFr4.6m, following its decision to write off the entire cost of its indirect 13 per cent stake in Drexel Burnham Lambert, the US investment bank, at a cost of SFr200m. Pagesa held its dividend at SFr65 a share.

MADRID eased after the previous day's rise, with the gen-eral index down 0.45 at 258.13. Repsol, the oil conglomerate, eased Pta35 to Pta2,335 by the close of pit trading, before ris-ing to Pta2,370 in continuous trading after reporting a 15 per

cent rise in 1989 net profits. VIENNA retreated in active trading as local and foreign investors took profits. The bourse index fell below the 700 level to 687.15, down 23.59, in a session extended by one hour. OEMV, the state-controlled oil company, dropped Sch1,100 to Sch12,000 and Montana, the holding company, lost Sch4,000 to Sch79,000. Länderbank pref-erence shares fell Sch40 to

OSLO edged higher in trad-ing dominated by Nora Indus-trier, the food and drinks com-0.62 to 639.93 in turnover of NKr927m, NKr492m of which was accounted for by the sale of 10.9 per cent of Nora stock by Kinnevik, the Swedish investment company. Nora gained NKr25 to NKr320.

with the cash market index up 7.06 at 6,142.08. Groupe AG, the the forward market to EFT11,100 on takeover specula-tion. STOCKHOLM was little changed in thin trading, with the Affärsvärlden General index up 0.9 at 1,148.3. There was some bargain-hunting in forestry stocks.

COPENHAGEN rose as firm local bond prices boosted banking shares, with the index rising 1.41 to 379.81, while HEL-SINKI fell after a rise in short-term interest rates. The Unitas all-share index fell 1.9

Chinese calm encourages Hong Kong

John Elliott examines a market for which few analysts are prepared to make forecasts

ONG KONG's stock of 3,949.73 achieved just before market, undervalued in the 1987 world markets crash. conventional terms, has been looking for an excuse to rise during the past couple of months, echoing the British colony's yearning for good news as it emerges from the nine months of dejection that followed last June's Tiananmen Square crisis in China.

The necessary impetus was provided last week by exceptionally good profits from Jardine Matheson, 42 per cent up on 1968, followed by an absence of bad news from China and some encouraging noises about the importance of Hong Kong's economy from Li Peng, the

Chinese prime minister.

As a result, the Hang Seng index, which rose by nearly 90 last week to 2,974.16, jumped through the elusive 3,000 barrier on Monday to close 39.86 higher at 3,014.02. This was its highest level since last June, but well below both the May 15 high of 3,309.64 and its record

ASIA PACIFIC

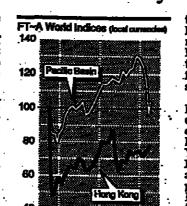
Yesterday, in the absence of a fresh impetus, the market closed at 3,010.85 after rising to 3,027 in early trading. Volume remained high at HK\$1.67bn.

Few analysts were prepared yesterday to forecast the market's movements in the near future, although it was gener-ally accepted that the impor-tant 3,000 level had switched from being a barrier to form an important support level. Technical analysis shows

that 3,300 is not impossible, but I can't see it rushing up to 3,600 or 3,700," said Mr Chris Chong, a James Capel analyst.

"It's perfect as it is," said Mr
Richard Witts, managing director of Schroders Securities, of
yesterday's performance. "It it.
went up too fast, there would
be a greate of selling." be a spate of selling."

Money has been pouring in from Taiwan's depressed margoing into smaller property this that pushed the index



Pacific Concord, Thomson and Asia Commercial, although not into index-moving blue chips. But with other Aslan markets proving less attractive, there has been recent buying from the UK, other parts of Europe and the US and it was

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through 3,000, with locals fol-lowing on. "Overseas fund managers are underweight in Hong Kong, and worried that they don't have enough stock for the moment when it rises," said Mr Witts.

Most analysts agree that Hong Kong stocks are seriously under-valued, trading at considerable discounts to market values. However, Mr Barry Yates, research director of First Pacific Securities, strikes a more bearish note, based partly on worries about Hong Kong's tight liquidity and ris-ing costs. "I don't accept the cheap market argument because there could be a downturn in profits; especially in the property sector," he says. Another worry is the colo-ny's economic growth, which fell to 2.5 per cent last year, according to provisional gov-ernment estimates. It is widely believed to have been stagnant, or even marginally negative, in the first quarter of this year. A

pick-up is generally expected in the second half of the year, although that will depend on sluggish exports increasing in world markets. For the past few days, how-ever, the market has been

focusing on the good short-

term news, in the current spate of annual results. It has also been enjoying a respite from Tokyo gloom, which stunted its last attempt at a substantial recovery in early February. China has also helped.

There is the news that Peking is sending its students home on holiday early to avoid damonstrations on key anniversaries in the next few weeks, plus the news that it is pumping money into the economy," says Mr Stewart Cook, head of research at Barings Securities. His colleague, Mr James Osborn, a Barings assistant director, makes the same point in a different way: "People

to want to look at any

news from China as good."

Weak yen restrains Nikkei in choppy trade

Tokyo

TRADING WAS volatile yester day, as investors were torn between a fresh surge of buying interest and concern over ing interest and concern over further yen weakness. The Nikkel index closed with a minimal loss, while the broader based Topix index posted a firm gain, writes Michiyo Nakanoto in Tokyo.

The Nikkel finished 14.53

down at 31,825.96, although there was widespread buying and 631 stocks rose, against 250 declining and 71 unchanged. Reflecting that trend, the Topix index gained 25.45 to

The market had opened on a positive tone, supported by institutional investors on the first trading day for delivery in the new fiscal and business year. But the Nikkel fell back sharply by midday, before resurging, rising above the 32,000 level at one stage. The day's high was 32,164.36

and the low was 31,367.62.
Turnover slipped to 680m shares from the 710m traded on Monday. In London trading, the ISE/Nikkei 50 index fell 6.83 to 1,735.79. The last days of March have

encouraged investors to buy before an expected increase in demand when the new busi-ness year starts in April. Suthusiasm was tempered, however, by a sharp drop in the yen, which sent bond

prices plunging and triggered index-linked selling in equities. The yen fell below Y157 against the dollar for the first time in more than three years. Concern about higher interthe Bank of Japan was expec-ted to keep a lid on interest rates, said Mr Charles Lambert at Jardine Fleming. Talk of another increase in the official discount rate had not disap-

ained NKr25 to NKr320. peared, but fears of an immi-BRUSSELS was fairly flat, nent rise had receded. Investors had opted to buy selectively, looking for either

SOUTH AFRICA

JOHANNESBURG recovered part of Monday's losses as the gold bullion price steadied, and the financial rand fell sharply on political violence in the townships. The JSE Gold index recouped 37 to 1,918 after Monday's 151-point drop and the overall share index rose 38 to 3,196. Vaal Reefs added R5 to R387 after falling P39 on Monday

profits growth or low price/ and Y1,100, respectively. earnings ratios, said Mr Lam- Special incentive stocks were

In the former group, shipbuilding and plant engineering companies were favoured. There was a newspaper report that Sasebo Heavy Industries, a medium-sized shipbuilding company, expected earnings for the year to March 1990 to be twice initial estimates. Sas-

ebo rose Y100 to Y870.
Interest in Sasebo spread to other shipbullding stocks and Mitsubishi Heavy Industries gained Y17, ex dividend, to

Plant engineers were also sought because of their strong earnings prospects. As leading exporters, they stand to benefit from a strong dollar. Toyo Engineering rose Y300, ex divi-dend, to Y2,200. Chiyoda, third in volume with 15.6m shares, added Y220 to Y2,620.

Electricals were popular for their low price/earnings ratios. Hitachi was the most active stock with 28.5m shares traded; it went ex scrip yesterday but closed Y10 higher at Y1,550. Both NEC and Toshiba were up Y50, ex dividend, at Y2,000 pursued in Osaka, where the OSE average rallied strongly,

OSE average rather strongly, posting a 934.00-point gain to 33,409.09. Volume, however, sank to 75m shares from the 317m traded on Monday. TOKYO'S volatility and vulnerable gold prices contributed to declines in the Pacific Basin

yesterday but volumes were AUSTRALIA finished mixed. as mining and gold stocks fell sharply while industrial shares recovered from early lows as Tokyo steadied.

The All Ordinaries index lost 8.6 to 1,558.5 and the gold index dropped 82.3 to 1,623.3, after reaching a low of 1,608.7. Volume rose but was still quiet at 77m shares worth A\$162m, compared with Monday's 69m and A\$122m. Investors were still discouraged by the uncer-

Saturday's elections.
Western Mining, the country's gold producer, was the most active stock, falling 8

YOUR VERY OWN MOTORWAY.

5.73m shares. Kleewhere in the sector, Barrack fell 15 cents to A\$1.70. Assrco lost 15 cents to A\$1.22 and ACM eased

13 cents to A\$1.82.

Bougainville Copper lost 10 cents to A\$1.02 following forecasts by its directors of a cut in the value of assets if its Papua New Guinea mine is unable to re-open. Bell Resources retreated 9 cents to 26 cents on its second day of trading after the lifting of its suspension, imposed by the stock exchange in December.

SEOUL fell to its lowest level in 15 months in thin trading as corporate liquidity dried up before dividend and tax payment dates. The composite index fell below the 830 resistance level to close 6.62 lower

gross national product grew 6.7 per cant last year, the lowest rate of real growth since 1982, also hurt sentiment. **NEW ZEALAND** advanced in

News that South Korea's

very quiet trading, with the Barclays index up 37.89 at

jumped 25 cents to 85 cents after the Government suggested on Monday that it would allow foreign ownership of 25 per cent. KUALA LUMPUR was unset-

tled by Tokyo's volatility and the composite index fell 2.99 to 598.38. Traders noted that daily turnover had risen to about 100m shares from recent levels of only 60m shares as investors liverted funds from Tokyo.

SINGAPORE was also put on the defensive by Tokyo but saw some erratic buying interest for blue chips. The preliminary Straits Times Industrial index rose 3.04 to 1.607.12, but volume fell to 99.9m shares from 128.5m on Monday. TAIWAN fell in uncertain

trading on continued concern about high domestic interest rates and the outflow of funds from the market, Daily turnover shrank to the lowest level this year at NT\$91.9bn, down from Monday's NT\$95.33bn. The weighted index lost 139.7 to 10,406.31, wiping out half of

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS _	MONDAY NARCH 26 1990					FRIDAY MARCH 23 1990			DOLLAR BIDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	(approx)
Australia (83)	137.15	+0.0	125.98	122.05	+0.0	5.66	137.21	126.78	122.10	160.41	128.28	138.13
Austria (19)	274.19	-2.0	251.87	244,22	- 1.5	1.09	279.69	258.44	247.93	285.63	92,84	107.94
Belgium (61)	145.11	-0.3	133.29	127.21	-0.1	4.40	145.61	134.55	127.30	160.02	125.58	129.49
Canada (120)	140.94	-0.6	129.47	119.97	-0.6	3.36	141.83	131.05	120.67	164.17	124.67	133.29
Denmark (36)	255.60	+0.4	234.79	226,92	+0.3	1.41	254.46	235.13	226.17	260.82	165.35	168.19
Finland (26)	140.70	- 1.3	129.24	119.22	- 1.0	2.50	142.55	131.72	120.46	159.16	118.63	144,41
France (125)	151.76	+1.1	139.40	137.41	+1.2	277	150.15	138.74	135.72	157.97	112.57	114,59
West Germany (96)	133.56	+0.4	122.68	119.08	+0.6	1.79	133.05	122.94	118.31	187.01	79.58	82.52
Hong Kong (48)	124.03	+1.3	113.94	124.42	+1.3	4.82	122.48	<u> 113.17</u>	122.85	140.33	86.41	129.43
[reland (17)	185.43	+0.3	170.33	168,4 <u>1</u>	+0.9	2.50	184.81	170.77	166.87	198.57	125.00	141.09
Italy (96)	95.22	+0.5	87.47	89.67	+0.7	2.57	94,77	87.57	89.07	102.11	74.97	80.62
Japan (455)	142.47	+3.8	130.87	140.81	· +5.5	0.58	137.29	126.86	133.52	200,11	133.57	180.80
Malaysia (36)	232.48	+0.2	213.54	244.15	+0.3	2.17	232.09	214.48	243.31	245.32	143.35	161.88
Mexico (13)	381.41	- 1.3	350.36	1157.22	-1.1	0.45	386.29	356.94	1170.11	409.41	153.32	167.32
Netherland (43)	136.17	+0.9	126.92	121.68	+ 1.2	4.59	136.89	126.49	120.27	145. 8 6	110.63	116.37
New Zealand (17)	60.47	+0.0	55.54	55.29	-0.2	6.46	60.44	55.86	55,41	88.18	60.44	70.87
Norway (24)	239.10	+0.9	219.63	214.68	+ 1.1	1.58	236.87	218.87	212.35	245.90	139.92	170.08
Singapore (28)	197.12	+1.7	181.08	171.01	+1.8	1.70	193.88	179.15	167.92	199.38	124.57	147.64
South Africa (60)	194.11	-4.9	178.30	163,19	-4.0	3.62	204,15	188.64	169.99	251.39	115.35	141.41
Spain (43)	139.57	+1.1	128.21	115.78	+ 1.1	4.62	138.01	127.53	114,49	169,75	138.01	148.56
Sweden (35)	176.79	-0.3	162,40	161.68	+0.0	2.42	177.23	163.77	161.62	206.95	138.45	157.03
Switzerland (62)	89.18	-0.7	81,92	84.53	+0.0	2.25	89.82	83.00	84.51	99.12	67.81	74.28
United Kingdom (306)	149.96	+ 1.1	137.75	137.75	÷0.5	4.76	148.35	137.08	137.07	164.31	133.28	146.83
USA (540)	137.03	+0.5	125.87	137.03	+0.5	3.49	138.33	125.97	136.33	146.29	112.13	118.05
												
Europe (989)	138.95	+0.7	127.64	125.39	+0.6	3.50	137.98	127.49	124.60	146.88	112.63	117.43
Nordic (121)	188.90	+0.1	173.52	183.59	+0.2	1,91	188.67	174.33	183.22	201.8 9	137.95	148.50
Pacific Basin (865)	141.59	+3.5	130.06	139.38	+5.1	0.89	136,76	126,37	132.62	194,72	133.29	178.37
Euro - Pacific (1654)	140.87	+2.4	129.41	134.29	+3.3	1.94	137.60	127.15	130.03	174.18	135,46	152.83
North America (660)	137.17	+0.4	126.00	135.94	+0.4	3.49	136.56	126.19	135.33	148,66	112.79	118.86
Europe Ex. UK (683)	130.63	÷ 0.5	119.99	117.57	+0.7	2.71	130.02	120.15	116.73	135.73	96.30	99.26
Facific Ex. Japan (210)	130.37	+0.5	119.75	119,49	+0.5	4.92	129.6B	. 119.82	118.85	140.05	111.93	129.33
World Ex. US (1847)	141.53	+2.2	130.00	134.42	÷3.ŏ	2.00	138.52	128.00	130.46	173.77	136.48	152.04
World Ex. UK (2081)	137.78	+ 1.6	126.56	134.90	+23	2.27	135.55	125.25	131.82	162.00		138.06
		+1.7	127.24	134.94	+2.2	2.50	136.26	125.91			134.02	
World Ex. So. Al. (2327)	138.52								132.01	181.84	134.71	138.82
World Ex. Japan (1932)	138.39	+0.5	127.12	132.36	+0.5	3.55	137.74	127.27	131.75	145.52	114.51	119.03
The World Index (2387)	138.85	÷ 1.6	127.55	135.13	+2.2	2.51	136.67	126.29	192 27	162.05	195 19	198.89